## RECEIVED

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### **City of Dallas**

1500 Marilla Street, Room 6ES Dallas, Texas 75201

### Public Notice

200734

POSTED CITY SECRETARY DALLAS, TX



### Government Performance and Financial Management Committee

September 22, 2020 1:00 PM

### 2020 CITY COUNCIL APPOINTMENTS

COUNCIL COMMITTEE	
ECONOMIC DEVELOPMENT	ENVIRONMENT AND SUSTAINABILITY
Atkins (C), Blewett (VC), Gates, McGough, Narvaez,	Narvaez (C), Atkins (VC), Blackmon, Blewett, Gates
Resendez, West	
GOVERNMENT PERFORMANCE AND FINANCIAL	HOUSING AND HOMELESSNESS SOLUTIONS
MANAGEMENT	West (C), Thomas (VC), Arnold, Blackmon, Kleinman,
Gates (C), Mendelsohn (VC), Arnold, Bazaldua,	Mendelsohn, Resendez
Kleinman, Narvaez, Thomas	
PUBLIC SAFETY	QUALITY OF LIFE, ARTS, AND CULTURE
McGough (C), Arnold (VC), Bazaldua, Blewett,	Arnold (C), Gates (VC), Atkins, Narvaez, West
Medrano, Mendelsohn, Thomas	
TRANSPORTATION AND INFRASTRUCTURE	WORKFORCE, EDUCATION, AND EQUITY
Kleinman (C), Medrano, (VC), Atkins, Bazaldua,	Thomas (C), Resendez (VC), Blackmon, Kleinman,
Blewett, McGough, West	Medrano
AD HOC JUDICIAL NOMINATING COMMITTEE	AD HOC LEGISLATIVE AFFAIRS
McGough (C), Blewett, Mendelsohn, Narvaez, West	Johnson (C), Blackmon (VC), Atkins, Gates,
	Mendelsohn
AD HOC COMMITTEE ON COVID-19 RECOVERY	
AND ASSISTANCE	
Thomas (C), Atkins, Blewett, Gates, Mendelsohn,	
Narvaez, Resendez	
(C) – Chair, (VC) – Vice Chair	-

(C) – Chair, (VC) – Vice Chair

This Government Performance and Financial Management committee meeting will be held by videoconference. The meeting will be broadcast live on Spectrum Cable Channel 95 and online at bit.ly/cityofdallastv. The public may also listen to the meeting as an attendee at the following videoconference link:

https://dallascityhall.webex.com/dallascityhall/onstage/g.php?MTID=e2e00c531b30620371ffb36d0e6d045d8.

#### Call to Order

#### MINUTES

1. Consideration of the August 24, 2020 Government Performance and 20-1803 **Financial Management Committee Meeting Minutes** 

Attachments: Minutes

#### BRIEFING ITEMS

2. City Calendar 2021 20-1804 [Carrie Prysock, Director, Mayor and City Council Offices]

Attachments: Presentation Calendar

3. 20-1805 Fleet Efficiency Study Update [Donzell Gipson, Director, and Eric Kuhns, Assistant Director, Equipment and Fleet Management]

Attachments: Presentation

#### <u>FYI</u>

4. 20-1806 Budget Accountability Report (information as of July 31, 2020)

Attachments: Report

5. Quarterly Investment Report (information as of June 30, 2020) 20-1809

Report <u>Attachments:</u>

Agenda Item #52 September 23, 2020 - Contract for External Auditing 6. 20-1837 Services

Attachments: Memo

7. Agenda Item #65 September 23, 2020 - Grounds Maintenance Contracts 20-1807

<u>Attachments:</u> Memo

City Co	uncil	Government Performance and Financial Management Committee	September 22, 2020
8.	<u>20-1815</u>	Agenda Item #90 September 23, 2020 - Rockwall Central Apprai Facility Improvements	sal District
	<u>Attachment</u>	<u>s:</u> <u>Memo</u>	
9.	<u>20-1814</u>	Agenda Item #94 September 23, 2020 - FY21 Fee Changes	
	<u>Attachments</u>	<u>s: Memo</u>	
10.	<u>20-1812</u>	Upcoming Agenda Item October 14, 2020 - Investment Policy	
	<u>Attachment</u>	<u>s: Memo</u>	
11.	<u>20-1811</u>	Upcoming Agenda Item October 14, 2020 - American Airlines Ce Short-Term FY21 Rent Payment Deferment	nter -
	Attachment	s: Memo	

### **ADJOURNMENT**

#### EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

- 1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
- 2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
- 3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
- 4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
- 5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
- discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
- deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]



### Agenda Information Sheet

File #: 20-1803

Item #: 1.

Consideration of the August 24, 2020 Government Performance and Financial Management Committee Meeting Minutes

### Government Performance & Financial Management Committee Meeting Record

The Government Performance & Financial Management Committee meetings are recorded. Agenda materials are available online at <u>www.dallascityhall.com</u>. Recordings may be reviewed online at <u>https://dallastx.swagit.com/government-performance-and-financial-management-committee</u>.

Note: This meeting was conducted via videoconference to comply with a social distancing mandate during a declared state of disaster

Meeting Date: August 24, 2020

Convened: 1:01 p.m.

Adjourned: 4:00 p.m.

#### Committee Members Present:

Jennifer S. Gates, Chair Cara Mendelsohn, Vice Chair Carolyn King Arnold Adam Bazaldua Lee Kleinman Omar Narvaez Casey Thomas, II Committee Members Absent: N/A

Other Council Members Present: N/A

<u>AGENDA</u>

#### CALL TO ORDER

1. Consideration of the June 22, 2020 Meeting Minutes Action Taken/Committee Recommendation(s): A motion was made to approve the minutes for the June 22, 2020 Government Performance & Financial Management Committee meeting. The motion passed unanimously.

Motion made by: Cara Mendelsohn

Motion seconded by: Adam Bazaldua

#### BRIEFINGS

- 2. Office of the City Auditor: FY20 Quarter3 Update Presenter(s): Mark S. Swann, City Auditor, City of Dallas Action Taken/Committee Recommendation(s): City Auditor Mark S. Swann presented his 3<sup>rd</sup> quarter update of audit activities from FY 2020. There were questions about the audit of the Office of Community Care and the Martin Luther King Center board bylaws. Information only.
- Office of the City Auditor: FY2021 Recommended Audit Plan Presenter(s): Mark S. Swann, City Auditor, City of Dallas Action Taken/Committee Recommendation(s): City Auditor Mark S. Swann presented his planned audit work for FY2021. There were questions about body cameras and audit prioritization. Information only.
- 4. DFW Airport FY 2021 Proposed Budget Presenters: Chris Poinsatte, Executive Vice President and Chief Financial Officer, and Sean Donohue, Chief Executive Officer, Dallas Fort Worth International Airport Action Taken/Committee Recommendation(s): Sean Donohue presented the proposed FY2021 budget for the Dallas Fort Worth International Airport. There were questions about custodial pay, minimum wage, the applicability of the city's living wage policy, and MWBE information on contractors. Information only.
- 5. External Auditor Presentations

#### ADJOURN

#### **APPROVED BY:**

### ATTESTED BY:

Jennifer S. Gates, Chair Government Performance & Financial Management Committee Anne Lockyer, Coordinator Government Performance & Financial Management Committee



### Agenda Information Sheet

### File #: 20-1804

Item #: 2.

City Calendar 2021 [Carrie Prysock, Director, Mayor and City Council Offices]



# 2021 City Calendar Government Performance & Financial Management Committee

Carrie Rogers Director Mayor and City Council Office September 22, 2020

# **Presentation Overview**



- Key dates
  - City Council Meetings
  - City Council Committee Meetings
  - Budget Development Schedule
  - Holidays
- Next Steps



# **City Council Meetings**

- Regular meetings of the City Council are typically scheduled each Wednesday (except 5th Wednesdays)
- 1<sup>st</sup> and 3<sup>rd</sup> Wednesdays: Briefing meetings typically begin at 9 a.m. at City Hall in Room 6E South
- 2<sup>nd</sup> and 4<sup>th</sup> Wednesdays: Agenda meetings are typically conducted at City Hall in the Council Chambers
- Per Council Resolution 19-1606, adopted Oct. 8, 2019:
  - First voting agenda of each month will begin at 3 p.m.
  - All other meetings will begin at 9 a.m. (with Zoning no earlier than 6 p.m.)
  - During emergency regulations, all 3 p.m. meetings will begin at 9 a.m.
- 5th Wednesday: Typically no meeting





# **City Council Meetings (cont.)**



The following City Council Meetings have been canceled or rescheduled:

Meeting	Action	Reason
Feb. 17 Briefing	Canceled	Council Retreat
Mar. 10 Agenda	Canceled	Spring Recess
Mar. 17 Briefing	Canceled	Spring Recess
July	Canceled	Summer Recess
Sept. 8 Agenda	Moved to Sept. 9	Rosh Hashana
Sept. 15 Briefing	Moved to Sept. 14	Yom Kippur
Oct. 6 Briefing	Moved to Oct. 5	Texas Municipal League Annual Conference
Nov. 17 Briefing	Moved to Nov. 16	National League of Cities City Summit
Nov. 24 Agenda	Canceled	Thanksgiving (City Holiday)
Dec. 22 Agenda	Canceled	Christmas (City Holiday)





# City Council Committee Meetings

- Committee meetings are typically scheduled each Monday (except 5th Mondays) in Room 6E South
- 1<sup>st</sup> Monday:
  - Environment & Sustainability 9 a.m.
  - Economic Development 1 p.m.
- 2<sup>nd</sup> Monday:
  - Workforce Education & Equity 9 a.m.
  - Public Safety 1 p.m.





# City Council Committee Meetings

- Committee meetings are typically scheduled each Monday (except 5th Mondays) in Room 6E South
- 3<sup>rd</sup> Monday:
  - Quality of Life, Arts, & Culture 9 a.m.
  - Transportation and Infrastructure 1 p.m.
- 4<sup>th</sup> Monday:
  - Housing and Homelessness Solutions 9 a.m.
  - Government Performance & Financial Management 1 p.m.
- 5<sup>th</sup> Monday: Typically no meetings



# **Campaign Finance Reports**



- Semiannual campaign finance reports are due January 15 and July 15
- City Council campaign dates are mandated by the state and subject to change



# **Budget Development Schedule**



Date	Event
Wednesday, March 24	Budget Public Hearing
Wednesday, May 5	Budget Workshop
Wednesday, May 26	Budget Public Hearing
Wednesday, June 23	Budget Workshop
Tuesday, August 10	Budget Workshop: City Manager's Recommended Budget
Thursday, August 12-26	Budget Town-Halls
Wednesday, August 18	Budget Workshop
Wednesday, August 25	Budget Public Hearing
Wednesday, September 1	Budget Workshop: Consider Amendments
Thursday, September 9	Adopt Budget on First Reading
Tuesday, September 14	Budget Workshop: Consider Amendments, if necessary
Wednesday, September 22	Adopt Budget on Second Reading, Adopt Tax Rate and Approve Other Budget Related Items
Friday, October 1	Begin Fiscal Year 2021-22

**City Holidays** 



Date	Event
Friday, January 1	New Year's Day
Monday, January 18	Martin Luther King, Jr. Day
Monday, February 15	Presidents Day
Monday, May 31	Memorial Day
Monday, July 5	Independence Day Observance
Monday, September 6	Labor Day/Cesar E. Chavez Day
Thursday, November 25	Thanksgiving Day
Friday, November 26	Day after Thanksgiving
Friday, December 24	Christmas Eve
Saturday, December 25	Christmas Day
Saturday, December 31	New Year's Day Observance



# **Next Steps**



- Incorporate feedback prior to City Council Action
- Per Council Resolution #89-3796, adoption of the 2021 City Calendar is scheduled for City Council consideration on October 28, 2020



## January 2021

						Attachment A
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					<b>1</b> New Year's Day City Holiday	2
3	<b>4</b> Council Committees 9 a.m. ENVS 1 p.m. ECO	5	<b>6</b> Council Briefing 9 a.m.	7	8	9
10	<b>11</b> Council Committees 9 a.m. WEE 1 p.m. PS	12	<b>13</b> Council Agenda 3 p.m.	14	<b>15</b> Semiannual Campaign Finance Report Due	16
17	18 Council Committee Meetings Moved to 1/19 MLK Day City Holiday	19 Council Committees 9 a.m. QOL 1 p.m. TRNI	<b>20</b> Council Briefing 9 a.m.	21 U.S. Conference of Mayors 89 <sup>th</sup> Winter Meeting	22 U.S. Conference of Mayors 89 <sup>th</sup> Winter Meeting	23 U.S. Conference of Mayors 89 <sup>th</sup> Winter Meeting
24	25 Council Committees 9 a.m. HHS 1 p.m. GPFM	26	<b>27</b> Council Agenda 9 a.m.	28	29	30
31						

QOL: Quality of Life, Arts & Culture PS: Public Safety TRNI: Transportation & Infrastructure WEE: Workforce, Education, & Equity ECO: Economic Development HHS: Housing and Homelessness Solutions GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability

### February 2021

		_				Attachment
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Council Committees 9 a.m. ENVS 1 p.m. ECO	2	<b>3</b> Council Briefing 9 a.m.	4	5	
7	<b>8</b> Council Committees 9 a.m. WEE 1 p.m. PS	9	<b>10</b> Council Agenda 3 p.m.	11	12	1;
14	15 President's Day City Holiday Council Committee Meetings Moved to 2/23	16	17 Council Briefing Canceled Council Retreat	18	19	2(
21	22 Council Committees 9 a.m. HHS 1 p.m. GPFM	23 Council Committees 9 a.m. QOL 1 p.m. TRNI	24 Council Agenda 9 a.m.	25	26	2:
28						
т	QOL: Quality of Life, Arts & ( PS: Public Safety RNI: Transportation & Infras VEE: Workforce, Education, 8	tructure	1	HHS: Ho GPFM: Governme	CO: Economic Development using and Homelessness Solui nt Performance and Financial : Environment & Sustainabilit	Management

### March 2021

						Attachment A
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Council Committees 9 a.m. ENVS 1 p.m. ECO	<b>2</b> Council Committees 9 a.m. WEE 1 p.m. PS	<b>3</b> Council Briefing 9 a.m.	4	5	<b>6</b> National League of Cities Congressional City Conference
7 Daylight Saving Time Begins 2 a.m. National League of Cities Congressional City Conference 14	8 Council Recess National League of Cities Congressional City Conference Council Committee Meetings Moved to 3/2 15	9 Council Recess National League of Cities Congressional City Conference 16	10 Council Recess 17	11 Council Recess 18	12 Council Recess 19	13
	Council Recess Council Committee Meetings Moved to 3/23	Council Recess	Council Recess	Council Recess	Council Recess	
21	22 Council Committees 9 a.m. HHS 1 p.m. GPFM	23 Council Committees 9 a.m. QOL 1 p.m. TRNI	24 Council Agenda 3 p.m. Budget Public Hearing	25	26	27 Passover
28	29 Fifth Monday – No Council Committee Meetings	30	<b>31</b> Fifth Wednesday – No City Council Meeting			

QOL: Quality of Life, Arts & Culture PS: Public Safety TRNI: Transportation & Infrastructure WEE: Workforce, Education, & Equity ECO: Economic Development HHS: Housing and Homelessness Solutions GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability

# April 2021

						Attachment A
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4 Easter	5 Council Committees 9 a.m. ENVS 1 p.m. ECO	6	<b>7</b> Council Briefing 9 a.m.	8	9	10
11	12 Council Committees 9 a.m. WEE 1 p.m. PS	13 Ramadan Begins	<b>14</b> Council Agenda 3 p.m.	15	16	17
18	19 Council Committees 9 a.m. QOL 1 p.m. TRNI	20	<b>21</b> Council Briefing 9 a.m.	22	23	24
25	26 Council Committees 9 a.m. HHS 1 p.m. GPFM	27	<b>28</b> Council Agenda 9 a.m.	29	30	

QOL: Quality of Life, Arts & Culture PS: Public Safety TRNI: Transportation & Infrastructure WEE: Workforce, Education, & Equity ECO: Economic Development HHS: Housing and Homelessness Solutions GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability

# May 2021

Saturday	Friday	Thursday	Wednesday	Tuesday	Monday	Sunday
1						
General Election						
8	7	6	<b>5</b> Council Briefing 9 a.m.	4	<b>3</b> Council Committees 9 a.m. ENVS	2
			Budget Workshop		1 p.m. ECO	
15	14	13	12	11	10	9
End of Eid al-Fitr		End of Ramadan Eid al-Fir	Council Agenda 3 p.m.		Council Committees 9 a.m. WEE 1 p.m. PS	
22	21	20	19	18	17	16
			Council Briefing 9 a.m.		Council Committees 9 a.m. QOL 1 p.m. TRNI	
29	28	27	26	25	24	23
			Council Agenda 9 a.m.		Council Committees 9 a.m. HHS	
			Budget Public Hearing		1 p.m. GPFM	
					31	30
					Memorial Day City Holiday	

QOL: Quality of Life, Arts & Culture PS: Public Safety TRNI: Transportation & Infrastructure WEE: Workforce, Education, & Equity ECO: Economic Development HHS: Housing and Homelessness Solutions GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability

## June 2021

Attachment						
Saturday	Friday	Thursday	Wednesday	Tuesday	Monday	Sunday
4 5	4	3	2	1		
on	Runoff Election		Council Briefing 9 a.m.			
11 12	11	10	9	8	7	6
nual Mayors 88th Annual Meeting	U.S. Conference of Mayors 88th Annual Meeting (Rescheduled from 2020)		Council Agenda 3 p.m.	Council Committees 9 a.m. WEE 1 p.m. PS	Council Committees 9 a.m. ENVS 1 p.m. ECO	
18 19	18	17	16	15	14	13
Juneteenth			Council Agenda 9 a.m.	Council Committees 9 a.m. HHS 1 p.m. GPFM	Council Committees 9 a.m. QOL 1 p.m. TRNI	U.S. Conference of Mayors 88th Annual Meeting
					U.S. Conference of Mayors 88th Annual Meeting	Weeting
25 26	25	24	23	22	21	20
			Council Briefing 9 a.m.		Inauguration	
			Budget Workshop		Special Called City Council Meeting	
					Council Committee Meetings Moved to 6/14	
			30	29	28	27
			Fifth Wednesday –		Council Committee	
			No City Council Meeting		Meetings Moved to 6/15	

QOL: Quality of Life, Arts & Culture PS: Public Safety TRNI: Transportation & Infrastructure WEE: Workforce, Education, & Equity ECO: Economic Development HHS: Housing and Homelessness Solutions GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability

# July 2021

Saturday	Friday	Thursday	Wednesday	Tuesday	Monday	Sunday
	2 Council Recess	1 Council Recess				
1	9 Council Recess	8 Council Recess	<b>7</b> Council Recess	6 Council Recess	5 Council Recess City Holiday Independence Day Observance	<b>4</b> Independence Day
1	<b>16</b> Council Recess	15 Council Recess Semiannual Campaign Finance Report Due	14 Council Recess	13 Council Recess	12 Council Recess	11
2	23 Council Recess	22 Council Recess	21 Council Recess	20 Council Recess	19 Council Recess	18
3	30 Council Recess	29 Council Recess	28 Council Recess	27 Council Recess	26 Council Recess	25

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### August 2021

						Attachment A
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 Council Committees 9 a.m. ENVS 1 p.m. ECO	3	<b>4</b> Council Briefing 9 a.m.	5	6	7
8	<b>9</b> Council Committees 9 a.m. WEE 1 p.m. PS	10 Budget Workshop: City Manager's Recommended Budget	<b>11</b> Council Agenda 3 p.m.	12 Budget Town Hall Meetings Begin	13	14
15	<b>16</b> Council Committees 9 a.m. QOL 1 p.m. TRNI	17	<b>18</b> Council Briefing 9 a.m. Budget Workshop	19	20	21
22	23 Council Committees 9 a.m. HHS 1 p.m. GPFM	24	25 Council Agenda 9 a.m. Budget Public Hearing	26 Budget Town Hall Meetings End	27	28
29	<b>30</b> Fifth Monday – No Council Committee Meetings	31				

QOL: Quality of Life, Arts & Culture PS: Public Safety TRNI: Transportation & Infrastructure WEE: Workforce, Education, & Equity ECO: Economic Development HHS: Housing and Homelessness Solutions GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability

### September 2021

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	includy	lacouty	Council Briefing 9 a.m. Budget Workshop: Consider Amendments	2	3	4
5	<b>6</b> Council Committee Meetings Moved to 9/13 Labor Day/Cesar E. Chavez Day City Holiday Rosh Hashana at Sundown	7 Council Committee Meetings Moved to 9/21	<b>8</b> Rosh Hashana Council Agenda Meeting Moved to 9/9 at 9 a.m.	<b>9</b> Council Agenda 3 p.m. Adopt Budget on First Reading	10	11
12	<b>13</b> Council Committees 9 a.m. WEE 1 p.m. PS	14 Council Briefing 9 a.m. Budget Workshop: Consider Amendments, if necessary	15 Yom Kippur Council Briefing Meeting Moved to 9/14	16 Yom Kippur	17	18
19	20 Council Committees 9 a.m. QOL 1 p.m. TRNI	21 Council Committees 9 a.m. ENVS 1 p.m. ECO	22 Council Agenda 9 a.m. Adopt Budget on Second Reading, Adopt Tax Rate and Approve Other Budget Related Items	23	24	25
26	27 Council Committees 9 a.m. HHS 1 p.m. GPFM	28	<b>29</b> Fifth Wednesday – No City Council Meeting	30		

QOL: Quality of Life, Arts & Culture PS: Public Safety TRNI: Transportation & Infrastructure WEE: Workforce, Education, & Equity ECO: Economic Development HHS: Housing and Homelessness Solutions GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability

### October 2021

						Attachment A
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					<b>1</b> FY 2021-22 Begins	2
3	<b>4</b> Council Committees 9 a.m. ENVS 1 p.m. ECO	5 Council Briefing 9 a.m.	<b>6</b> Council Briefing Meeting Moved to 10/5 Texas Municipal League Annual Conference	<b>7</b> Texas Municipal League Annual Conference	8 Texas Municipal League Annual Conference	9
10	<b>11</b> Council Committees 9 a.m. WEE 1 p.m. PS	12	13 Council Agenda 3 p.m.	14	15	16
17	<b>18</b> Council Committees 9 a.m. QOL 1 p.m. TRNI	19	<b>20</b> Council Briefing 9 a.m.	21	22	23
24	25 Council Committees 9 a.m. HHS 1 p.m. GPFM	26	<b>27</b> Council Agenda 9 a.m.	28	29	30
31						

QOL: Quality of Life, Arts & Culture PS: Public Safety TRNI: Transportation & Infrastructure WEE: Workforce, Education, & Equity ECO: Economic Development HHS: Housing and Homelessness Solutions GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability

### November 2021

						Attachment A
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	<b>1</b> Council Committees 9 a.m. ENVS 1 p.m. ECO	2	<b>3</b> Council Briefing 9 a.m.	4	5	6
<b>7</b> Daylight Saving Time Ends 2 a.m.	<b>8</b> Council Committees 9 a.m. WEE 1 p.m. PS	<b>9</b> Council Committees 9 a.m. HHS 1 p.m. GPFM	<b>10</b> Council Agenda 3 p.m.	11	12	13
14	<b>15</b> Council Committees 9 a.m. QOL 1 p.m. TRNI	16 Council Briefing 9 a.m.	17 Council Briefing Moved to 11/16 National League of Cities City Summit	18 National League of Cities City Summit	<b>19</b> National League of Cities City Summit	<b>20</b> National League of Cities City Summit
21	22 Council Committees moved to 11/9	23	24 Council Agenda Meeting Canceled	<b>25</b> Thanksgiving Day City Holiday	<b>26</b> Day after Thanksgiving City Holiday	27
28	29 Hanukkah begins Fifth Monday – No Council Committee Meetings	30				

QOL: Quality of Life, Arts & Culture PS: Public Safety TRNI: Transportation & Infrastructure WEE: Workforce, Education, & Equity ECO: Economic Development HHS: Housing and Homelessness Solutions GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability

### December 2021

Saturday	Friday	Thursday	Wednesday	Tuesday	Monday	Sunday
	3	2	<b>1</b> Council Briefing 9 a.m.			
1	10	9	8 Council Agenda 3 p.m.	7 Council Committees 9 a.m. ENVS 1 p.m. ECO 3 p.m. TRNI	<b>6</b> Hanukkah ends Council Committee Meetings Moved to 12/7	5
1	17	16	<b>15</b> Council Briefing 9 a.m.	14 Council Committees 9 a.m. HHS 1 p.m. GPFM	13 Council Committees 9 a.m. WEE 1 p.m. PS 3 p.m. QOL	12
<b>2</b> Christmas Day	24 Christmas Day Observance City Holiday	23	22 Council Agenda Meeting Canceled	21	20 Council Committee Meetings Moved to 12/7 (TRNI) & 12/13 (QOL) at 3 p.m.	19
	31 New Years Day Observance City Holiday	30	<b>29</b> Fifth Wednesday – No Council Meetings	28	27 Council Committee Meetings Moved to 12/14	26

WEE: Workforce, Education, & Equity

GPFM: Government Performance and Financial Management ENVS: Environment & Sustainability



### Agenda Information Sheet

### File #: 20-1805

Item #: 3.

Fleet Efficiency Study Update

[Donzell Gipson, Director, and Eric Kuhns, Assistant Director, Equipment and Fleet Management]



## Fleet Efficiency Study Update

## Government Performance and Financial Management September 22, 2020

Donzell Gipson, Director Equipment and Fleet Management City of Dallas

Eric Kuhns, Assistant Director Equipment and Fleet Management City of Dallas

# **Presentation Overview**



- Background/History
- Purpose
- Issues/ Operational or Business Concerns
- Preventative Maintenance (PM) Program
- Future policy and operational decisions impacting fleet management



# **Background/History**



- Effective October 1, 2018, Equipment and Building Services (EBS) was split into (3) parts
  - Equipment and Fleet Management (EFM)
  - Building Services (BSD)
  - Building Security was absorbed by Court and Detention Services (CTS)
- In the Spring/Summer of 2018, a Fleet Efficiency Study was conducted by Alvarez and Marsal and the results briefed to City Council in December 2018
  - Scope of the study focused on opportunities for improvement and efficiencies
  - Staff provided 1<sup>st</sup> update to GPFM in April 2019 on status of action plan in response to consultant recommendations
    - Consultant report, briefing and 1<sup>st</sup> update are provided in the appendix

# Purpose



## This briefing will:

- Provide an update on the status and progress in response to consultant recommendations
- Provide an update on the preventive maintenance program (PM)
- Solicit feedback on future policy and operational decisions impacting fleet management



# Issues/Operational Concerns



# The Fleet Efficiency study was broken down into five (5) areas for improvement

- Organizational Assessment
- Follow Total Cost of Ownership (TCO) Approach
- Make Workshop Flow Improvements
- Underutilization, Right Sizing, & Motor Pool
- Technology and Data Quality



# **Organizational Assessment**

Date	Consultant Observations	Completed	In- Progress	Next Steps
	Hiring			
December 2018	1. Develop "Temp" to "Hire" Program for Mechanics	v		
December 2018	2. Hired and assigned to work at various City service centers	v		
4 <sup>th</sup> Quarter 2018	15 temporaries hired and assigned	v		
1st Quarter 2019	25 temporaries hired and assigned	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Program Summary; 93 temps hired since inception, 29 made permanent, 24 of 29 retained to-date, 7 temps currently in program, also expanded program to include Fleet Parts Specialist</li> </ul>	v		
	Training			
December 2018	3. Modernize Training Program by increasing hands on instruction and utilizing free training opportunities from existing vendors		v	
1st Quarter 2019	Chose 8+ Adjunct Trainers to begin curriculum development	٧		
1st Quarter 2019	<ul> <li>City-wide Forklift training and shop orientation training for temporaries underway</li> </ul>	٧		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Basic automotive training administered for temporary employees</li> </ul>	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Vehicle Information Box (VIB) training provided to enhance automated data collection (telematics)</li> </ul>	v		

# **Organizational Assessment**

Date	Completed	In- Progress	Next Steps	
	Training			
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Implemented "The Fleet Academy" and began training in November 2019 at Hensley Field         <ul> <li>Preventative Maintenance (PM) training update courses completed</li> </ul> </li> </ul>	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Interlocal Agreement executed with Dallas College – Cedar Valley Branch in March 2020 to allow for training in automotive and diesel technologies         <ul> <li>Kick-off meeting held to discuss curriculum (postponed due to COVID-19)</li> </ul> </li> </ul>		v	
	Employee Compensation			
December 2018	4. Address tool/boot allowance and certification pay	v		
1st Quarter 2019	Tool & Boot allowance increased	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	• Certification pay increased as part of FY19-20 Proposed Budget	V		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Automotive Service Excellence (ASE) award program implemented in December 2019.</li> </ul>	v		
December 2018	5. Engage Human Resources in the City-wide Compensation Study	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>City Council to approve award for Compensation Study on August 28, 2019 Council Agenda</li> </ul>	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Awaiting release/results from study to evaluate options and strategy for implementing and funding the recommendations</li> </ul>		٧	

## Follow TCO Procurement Approach

Date	Consultant Recommendations	Completed	In- Progress	Next Steps
	Fleet Governance			
December 2018	1. Establish a Fleet Advisory Board to establish standards		٧	
1st Quarter 2019	Inaugural meeting held April 8th	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Fleet Advisory Board is formally established, meetings held June 2019, January 2020, April 2020, with plans to meet quarterly</li> </ul>	v		
December 2018	2. Ensure (PM) periodic maintenance compliance		v	
1st Quarter 2019	• Saturday PM program initiated in February 2019	v		
December 2018	3. Centralize decision making on fleet purchases		٧	
1st Quarter 2019	<ul> <li>Administrative Directive 6-02 being revised to reflect the new process</li> </ul>		٧	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Began new approach to development of annual fleet purchases to include individualized strategy meetings with customer departments and vetting of purchases in coordination with Office of Budget and Purchasing</li> </ul>	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Developed "De-Fleet" process to decommission equipment after a cost benefit analysis in coordination with customer departments to vet the impact and any operational concerns</li> </ul>	v		
	Vehicle Procurement			
December 2018	4. Evaluate the total cost of ownership versus short term initial purchase or operational reliance on rental equipment	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>August 28<sup>th</sup>, 2019 Council approved a Fleet purchase ID/IQ procurement to allow for greater flexibility</li> </ul>	V		

## Follow TCO Procurement Approach

Date	Consultant Recommendations	Completed	In- Progress	Next Steps
December 2018	<ol> <li>Determine the most cost-effective funding mechanism for fleet purchases</li> </ol>	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Use of equipment notes and master lease funding for fleet purchases         <ul> <li>FY 19-20 includes 19.6M up from \$10M in FY18-19</li> <li>FY20-21 includes \$17.5M</li> </ul> </li> </ul>		v	
	Enhance Outsource Contracting Options			
December 2018	<ol><li>Work with Office of Procurement Services for better specifications and timely execution of contracts</li></ol>		v	
1 <sup>st</sup> Quarter 2019	<ul> <li>OEM master agreement out for bid for refuse parts/service to address gaps in Sanitation maintenance</li> </ul>		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>City Council awarded contracts in May 2019</li> </ul>	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Working with City Attorney's Office and Office of Purchasing to develop a procurement strategy that will allow for multi- award service and parts contracts to reduce the turnaround time on contracted repairs</li> </ul>		v	

## Make Workshop Flow Improvements

Date	Consultant Recommendations	Completed	In- Progress	Next Steps
	Scheduling Improvements			
December 2018	1. Staff realignment by shift and service center	٧		
1st Quarter 2019	<ul> <li>Adding additional Saturday shifts at service centers to support customer demands</li> </ul>		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 202	<ul> <li>Saturday shifts active at 4 of 5 locations, activation at Northeast Service Center anticipated by 1<sup>st</sup> quarter 2021</li> </ul>		v	
December 2018	2. Add 3rd shift at the NW Service Center for Sanitation Services vehicle maintenance	٧		
	Shop Infrastructure/Equipment			
December 2018	3. Purchase new shop equipment to increase safety, productivity and diagnostic capabilities		v	
1st Quarter 2019	<ul> <li>Developed prioritized list and identified funding and currently making purchases from master agreements</li> </ul>		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 202	0 O Purchased 29 pieces of equipment, mobile lifts, lube reel replacement at Southeast and Central Service Center	V		
1st Quarter 2019	<ul> <li>Working with ITS to enhance network and wi-fi capability, as well as purchase tablets and computers for shop operations</li> </ul>		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 202	<ul> <li>Wi-Fi has been installed, new tablets and computers for shop operations deployed, network speed enhanced</li> </ul>	۷		

# Make Workshop Flow Improvements

Date Consultant Recommendations		Completed	In- Progress	Next Steps
December 2018	4. Hire (6) Service Advisors to engage customers and perform better quality control		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	• 4 of 6 Service Advisors hired		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ol> <li>New communication strategy to include automated notifications in M5 to customers on vehicle ready for pickup, (PM) required, etc.</li> </ol>	v		
	Change Workorder Management			
December 2018	6. Maintenance Triage to better address customer needs and improve turnaround time		v	
1st Quarter 2019	<ul> <li>Prioritization of maintenance requests at service centers aimed at reducing the need for outside rental of equipment</li> </ul>		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Work order process instructions completed; training for staff to follow</li> </ul>		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Updated preventative maintenance (PM) program to enhance care for newest and critical assets by setting increased maintenance intervals and automated monitoring</li> </ul>	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Interlocal Agreement executed with Dallas County to allow the City to be a bonded agent and process vehicle registration renewals for vehicles owned by the City</li> </ul>	V		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>City Council approved revisions to Dallas City Code – Chapter 15D to allow city-owned vehicles at are inoperable to receive emergency wrecker services</li> </ul>	v		

## Underutilization, Right Sizing & Motor Pool

Date	Consultant Recommendations	Completed	In- Progress	Next Steps
	Underutilization			
December 2018	1. Identify potential surplus vehicles			٧
1st Quarter 2019	<ul> <li>Developing cost avoidance/savings tracker to report metrics</li> </ul>		٧	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Data driven analysis during fleet buy meetings with customer departments to include; outside rental review, demand for replacement of de-fleeted assets and justification for perceived underutilized assets</li> </ul>		v	
December 2018	2. Validate mileage, use, and hours in operation of vehicles with low annual mileage as criteria for low utilization			٧
1 <sup>st</sup> Quarter 2019	• Review of DWU, PKR, AVI and EFM underway		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Results included realigning of fleet in PKR to match their operational requirements and decommissioning of equipment in EFM, and specific equipment and vehicles being monitored in DWU for underutilization</li> </ul>	v		
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Enhance and Increase use of GPS as tool to identify and address underutilization with fleet reductions or pooling of use</li> </ul>		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Working on GPS enhancement project that is funded in FY20-21 that will allow for utilization studies and additional management oversight on use of City vehicles and equipment</li> </ul>		v	

## Underutilization, Right Sizing & Motor Pool

Date	Consultant Recommendations	Completed	In- Progress	Next Steps
	Right Sizing			
December 2018	3. Identify options to share vehicles			v
1st Quarter 2019	<ul> <li>Developing vehicle purchase strategy for motor pool to address fleet shortages and seasonality of operational needs and reduce expensive outside rentals</li> </ul>		V	
December 2018	4. Determine requirements based on operational needs		V	
December 2018	5. Develop business rules to earn authorizations to validate requirements for fleet purchases or retention of their fleet			v
1st Quarter 2019	Draft requirements under review		V	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Presented draft requirements and documents to Fleet Governance Committee in June 2019, working on changes to AD 6-2</li> </ul>		v	
	Increase Motor Pool			
December 2018	6. Identify city facilities for expansion of motor pool		v	
1st Quarter 2019	Evaluating Jack Evans as potential new location		V	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>In April 2020, DPD developed a departmental motor pool at Jack Evans HQ utilizing 18 vehicles to reduce use of rental vehicles and evaluate fleet reductions</li> </ul>		V	

# Technology & Data Quality

Date	Consultant Recommendations	Completed	In- Progress	Next Steps
	Maximize Use of the Fleet Management System (M5)			
December 2018	<ol> <li>Enforce requirement to track all vehicles and equipment in M5</li> </ol>		v	
December 2018	2. Evaluate implementation of M5 system modules currently not in use		V	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Began use of Availability module, revisions to Notification Manager and PM/State Inspection Forecaster</li> </ul>		v	
December 2018	3. Integrate with Risk Management System (Origami) on accident data			v
1st Quarter 2019	<ul> <li>Data sharing via system reports and access to M5 being granted to Risk Management</li> </ul>		v	
December 2018	<ol> <li>Offer refresher and on-going M5 training tailored to individual roles</li> </ol>		v	
1st Quarter 2019	DFR had basic M5 navigation training	v		
1st Quarter 2019	<ul> <li>Developing Train-the-Trainer strategy for roll-out city- wide</li> </ul>		v	
	Assign staff support to monitor data quality			
December 2018	5. Hire/Train incumbent to fill role of Data Quality Senior Analyst		٧	
1st Quarter 2019	<ul> <li>Working with current technology team and ITS to determine if additional support is needed</li> </ul>		٧	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	<ul> <li>Existing resources can and has been utilized to monitor and revise data quality</li> </ul>	v		

# Technology & Data Quality

Date	Completed	In- Progress	Next Steps	
	Simplify and automate billing			
December 2018	6. Identify top disparities in lease rates and actual work order totals for transparency and customer service		v	
1st Quarter 2019	<ul> <li>Scheduling follow-up with consultant A&amp;M in second quarter of 2019 on moving to more system-based streamline billing</li> </ul>		v	
2 <sup>nd</sup> Qtr. 2019 – 3 <sup>rd</sup> Qtr. 2020	• Determined that EFM would work with AssetWorks and internal resources prior to additional consultant work		v	

### **FY19-20** Performance Measures

#	Performance Measure	Annual Target/Goal	Oct Data	Nov Data	Dec Data	Jan Data	Feb Data	Mar Data	Apr Data	May Data	Jun Data	Jul Data	Aug Data
1	% of fleet that is replacement eligible	<= 45%	47%	47%	48%	48%	47%	46.7%	46.4%	46.1%	45.6	44.4%	44%
2	% of PM Compliance-Citywide	>=68%	71%	73%	71%	71%	71%	74%	76.4%	78.6%	80%	84%	86%
3	% fleet that uses alternative fuels or hybrid fueling technologies	>=33%	47%	47%	47%	47%	47%	47%	46%	46%	46%	46%	46%
4	% fleet availability – Sanitization Collection (garbage/recycling)	>=80%	76%	74%	72%	73%	72%	73.5%	71%	70.5%	68%	76%	75%
5	% fleet availability DPD marked squad	>=74%	85%	83%	78%	83%	75%	79%	80%	80%	80%	77%	79%
6	% fleet availability -Citywide without DPD marked squad or SAN (garbage/recycling)	>=70%	87%	88%	86%	87%	86%	87.5%	88%	88.7%	89.1%	87.3%	86%
7	% stocked parts fill rate	>=92%	95%	95%	94%	93%	94%	94%	95%	95%	94%	94%	94%
8	% Fleet mechanic vacancy rate (including temporary help)	<=15%	5.66%	4.4%	0.63%	0%	0%	3.79%	0.64%	1.94%	1.94%	8.97%	9.6%

BIT: FY19/20 Fleet Buy, 18 departments with fleet purchase orders submitted totaling 621 units on order.

# American Public Works Top 10 Metrics



<u>Availability</u> Since Keeping vehicles on the road is the essential purpose of a fleet services organization, the rate of fleet availability is perhaps the king of all fleet program fleet performance measures. Many organizations track fleet availability performance by broad classes of vehicles (such as automobiles and light trucks, medium and heavy trucks, etc.) and establish different targets for each class. A generally accepted benchmark in the industry is to have an availability rate of 95% or better across the entire fleet.

**Downtime** Decisions as to what constitutes downtime (as discussed above), and factors such as <u>age of the fleet</u> and the <u>mix of vehicle types</u> will have a major impact on the performance the fleet services organization can attain. As with most of performance measures discussed in this publication, perhaps the greatest value in tracking fleet availability is to chart one's own performance over time. This way the fleet manager can monitor trends and document the impact that decisions such as a reduction in fleet replacement funding have on a fleet availability.

Source: Top 10 Performance Measure for Fleet Managers American Public Works Organization, 2016 ISBN 978-1-60675-049-0



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# Preventative Maintenance Program Update





# Preventative Maintenance (PM) Program

- Implemented PM intervals to accommodate usage
  - Add Mileage to oil change interval
  - Add Hours to oil change interval
- Set <u>PM Priorities</u> for all units in M-5 and ranking Priority Units with highest priority rating
  - Add sub jobs for newer unit for PMs to ensure services are performed.
  - Designate and Assign Operational Class Codes
  - Align Maintenance Class Codes for Priority and Non-Priority
     Units
  - PM deviations added to allow flexibility in scheduling



# Preventative Maintenance (PM) Program



# Invest in synthetic blend oils to meet OEM standards for mileage and hours

- Oil Analysis
- Increase inventory of oils to accommodate newer engines
- Invest in modern equipment to better maintain newer assets
  - Diagnostic equipment and lifts
- Actively engaging customer communications to improve <u>PM</u> <u>Compliance</u>
  - Automated <u>PM Jobs Due Report</u>
  - E-mails to Customers
  - Customer meetings and engagement
  - Developed Department Fleet Coordinator email notification and distribution strategy





# Effective PM Management Strategy ( Priority Units)

# Priority Units Defined

- All units 2018 and newer
- All police patrol units
- Customer defined critical infrastructure assets (future)

# Priority Units Identified

- 980 units 2018 and newer
- <u>635 additional patrol units</u>
- 1615 Qualified as Priority Units (30% of the Fleet)

# Priority Units PM Program Objectives

- Protect City's investment to update and modernize fleet assets
- Improve <u>Unit Availability</u> for using departments
- Maximize investment in fleet assets within reasonable lifecycle
- Reduce repair costs



# **Three Year Comparatives**



### **Comparative** Data for Complete PMs, All Fleet as of August 2020

2018 PM Stats All Fleet	Total 3,190	Completed 67%
2019 PM Stats	Total	Completed
All Fleet	3,553	69%
	<b>T</b> . I . I	
2020 PM Stats	Total	Completed
Non Priority	2,876	81%
Priority – Patrol Cars	3,307	91%
Priority - Non DPD	1,057	84%
All Fleet 2020	7,240	85%





# Future Policy & Operational Decisions



# Issues/Operational Concerns



# Future Policy & Operational Decisions

- Global Positioning System Implementation
- Electrification of fleet assets
- Buy America concept
- Sedan and SUV choices



# Next Steps



- Continue work on action plan in response to consultant recommendations
- Continue to brief GPFM Committee on status of action plan
- Document Council feedback for development of future policy and operational plans







# Fleet Efficiency Study Update

# **Government Performance and Financial Management September 22, 2020**

Donzell Gipson, Director **Equipment and Fleet Management** City of Dallas

Eric Kuhns, Assistant Director **Equipment and Fleet Management** City of Dallas









#### Memorandum



DATE November 30, 2018

<sup>TO</sup> Honorable Mayor and Members of the City Council

#### **SUBJECT City of Dallas Fleet Management Study**

On December 5, Donzell Gipson, Interim Director of Equipment and Fleet Management, will brief the City Council on the City of Dallas Fleet Management Study conducted by the firm Alvarez and Marsal. The briefing is attached for your review; it will provide an overview of the consultant's findings and recommendations including a status update on the implementation of process improvements.

The complete fleet management study can be found at the following link:

https://dallascityhall.com/departments/budget/financialtransparency/DCH%20Documents/FMS.p df

If you have any questions on concerns, please contact Donzell Gipson, Interim Director of Equipment and Fleet Management at 214-671-5131 or via email.

N. Eliabeth Keich

M. Elizabeth Reich Chief Financial Officer

c: T.C. Broadnax, City Manager Chris Caso, City Attorney (I) Carol A. Smith, City Auditor (I) Bilierae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizor Tolbert, Chief of Staff to the City Manager

Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager Majed A. Al-Ghafry, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer Directors and Assistant Directors

# City of Dallas Fleet Management Study

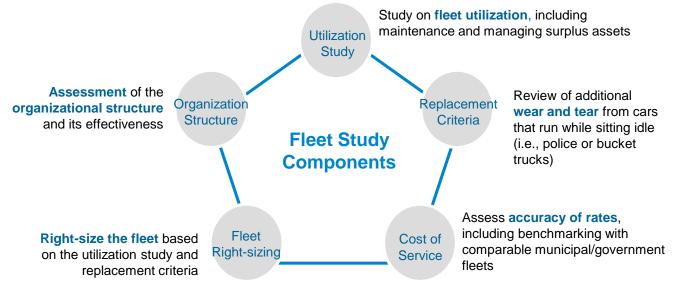
City Council Executive Summary December 5, 2018

ALVAREZ & MARSAL

### EXECUTIVE SUMMARY - PROJECT OVERVIEW

#### The Fleet Study, conducted from May to July 2017, reviewed five key areas: Cost of Service, Utilization, Replacement Criteria, Organizational Assessment, and Right-sizing.

This report contains observations and recommendations made by Alvarez & Marsal (A&M) for the City of Dallas (City) 2018 Fleet Management Study (Fleet Study). The Fleet Study included five categories of review including:



• The objective of the Fleet Study was to assess the operational efficiency of the City's fleet management and operations in Equipment & Fleet Management (EFM) and other Departments that own and/or maintain vehicles, including:



### EXECUTIVE SUMMARY - PROJECT OVERVIEW

# Observations developed through benchmarking research, data analysis and interviews with department leadership and staff, informed A&M's recommendations for efficiency initiatives.

#### The City of Dallas is within benchmark ranges for age, mileage, maintenance, and utilization.

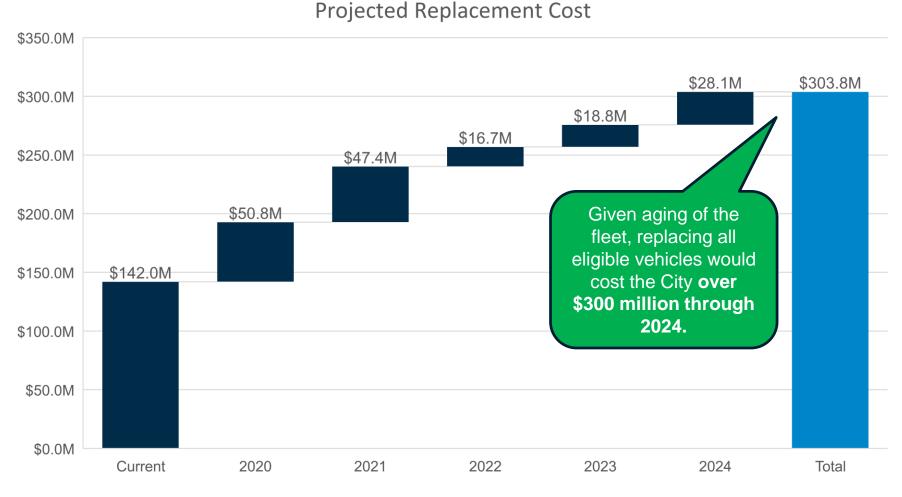
- Dallas' average vehicle age is 8.6 years, compared to a nationwide average of 7.9 and a Federal civilian average of 9.4.
- Average annual mileage of 9,088, is in line with the nationwide average of 9,338 and Federal civilian average of 10,176.
- Average annual maintenance cost is \$8,903/vehicle, compared to \$8,616 nationwide and \$9,113 for Federal civilian.
- With 47 vehicle/mechanic (actual headcount) in EFM, slightly higher than benchmarks of 55 60 vehicles/mechanic.
- About 32 percent of total fleet is driven less than 5,000 miles per year, compared to 37% for the best in class benchmark.
- The City is challenged by high vehicle downtime, low preventative maintenance compliance, and the need for improved workflow.
  - Departments experience high vehicle downtime which impacts their ability to operate effectively
  - Data quality issues prevent robust analysis and limit the City's ability to produce accurate reporting to support decision making
  - Vendor selection and management is not aligned to drive ongoing parts fulfillment and outsourcing of repair services
  - Maintenance facility infrastructure and processes lead to inefficient workflow which constrains operations
  - Inconsistent administration of vehicle replacement drives high late-stage maintenance costs and reduces revenue potential when vehicles are surplused.

#### • There are several solutions proposed to improve operations.

- Improve data quality through regular reporting and enhanced coordination between the Departments and EFM.
- Streamline maintenance facility workflow, through expanding dedicated bays and vehicle maintenance scheduling.
- Enhance communication between EFM and customer departments to ensure mechanics repair vehicles effectively and department staff retrieve completed vehicles from maintenance facilities in a timely manner.
- Establish a permanent Fleet Oversight Committee for input on vehicle acquisition, replacement criteria, and fleet right-sizing.
- Consider consolidating fleet management operations within EFM to streamline maintenance and administrative processes.

### REPLACEMENT CRITERIA – REPLACEMENT UNDER CURRENT STANDARDS

In 2019, 1,911 vehicles will be eligible for replacement using the current criteria, with a total cost of \$142.0 million. The City faces over \$300 million in replacement over the next five years.



**NOTE:** The projection reflects constant dollar projects without inflation or additional growth estimated included.

#### ALVAREZ & MARSAL

### REPLACEMENT CRITERIA – REPLACEMENT UNDER CURRENT STANDARDS

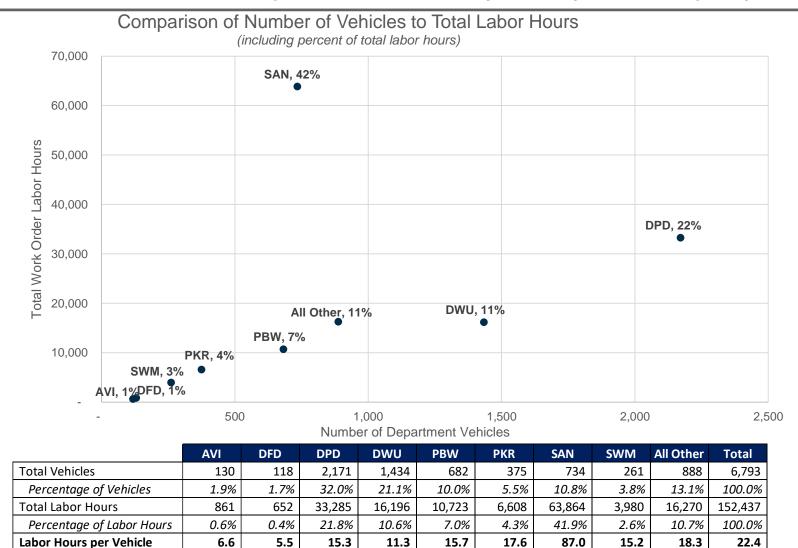
# Of the \$303.8 million required to replace all eligible vehicles under the current criteria, over \$80 million is driven by DFD, with another \$120 million driven by SAN and DWU, combined.

	Annual Cost for Replacement Eligible Vehicles										
Department	2019	2020	2021	2022	2023	2024	Total				
Enterprise Fund											
AVI	1,205,398	906,580	377,035	613,720	149,580	216,014	3,468,326				
DWU	22,760,316	11,973,917	7,284,957	2,936,976	2,794,734	5,271,307	53,022,209				
DWU - Storm Water	5,407,424	3,185,694	2,612,421	203,584	512,126	555,552	12,476,801				
SAN	25,473,132	7,713,672	10,259,681	3,050,779	3,117,745	3,600,500	53,215,510				
Total Enterprise Fund	54,846,270	23,779,864	20,534,094	6,805,059	6,574,186	9,643,373	122,182,847				
General Fund											
DFD - EFM Maintained	756,836	265,924	251,399	375,052	108,359	172,441	1,930,010				
DFD - DFD Maintained	43,563,852	713,825	16,005,440	3,563,227	8,975,617	13,660,733	86,482,693				
DPD	14,060,457	1,485,292	1,755,134	714,016	656,756	733,968	19,405,623				
EFM	5,033,849	1,641,547	920,119	549 <i>,</i> 877	349,095	601,555	9,096,042				
PBW	13,463,416	11,447,052	3,553,192	1,094,368	953,508	1,387,654	31,899,189				
PKR	6,745,356	7,089,815	2,505,907	1,462,195	689,515	604,466	19,097,253				
All Other	3,518,157	4,350,926	1,889,764	2,121,267	528,918	1,261,820	13,670,852				
Total General Fund	87,141,921	26,994,379	26,880,955	9,880,002	12,261,769	18,422,637	181,581,663				
Total	141,988,191	50,774,244	47,415,050	16,685,061	18,835,954	28,066,010	303,764,510				

**NOTE:** The projection reflects constant dollar projects without inflation or additional growth estimated included.

### FLEET MANAGEMENT WORKLOAD - TOTAL LABOR HOURS BY DEPARTMENT

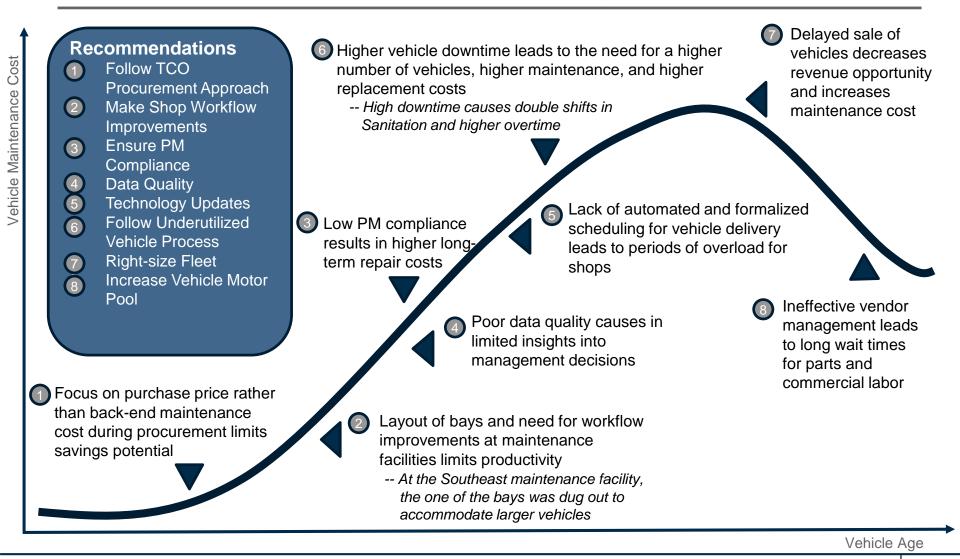
While SAN has the sixth highest number of vehicles, closed work orders represent the highest total labor hours and hours per vehicle. This is likely driven by vehicle complexity.



NOTE: DFD includes only vehicles managed by EFM

**ALVAREZ & MARSAL** 

A&M's recommendations are designed to address challenges across the vehicle lifecycle that lead to financial and operational inefficiencies and drive higher overall maintenance costs.



### EXECUTIVE SUMMARY – ESTIMATED INVESTMENT AND IMPACT

# A&M estimated One-Time Investment of \$2 million to 3 million to generate Annual Impact of \$9 million to \$12 million.\*\*

		Est. One-Time I	nvestment	Est. Annual Impact**							
		(Dollar:	s)	(Dolla	ars)						
		Low	High	Low	High						
1	Follow TCO Procurement Approach	\$ 160,000	\$260,000	\$ 175,000	\$ 350,000						
2	Make Shop Workflow Improvements	850,000	1,120,000	520,000	1,040,000						
3	Ensure PM Compliance	100,000	150,000	290,000	510,000						
4	Data Quality Improvements	150,000	230,000	-	-						
5	Technology Updates / Transformation	230,000	310,000	160,000	210,000						
6	Follow Underutilized Vehicle Process	60,000	90,000	3,660,000	4,870,000						
7	Right-size Fleet	140,000	240,000	2,100,000	2,790,000						
8	Increase Vehicle Motor Pool	50,000	70,000	2,360,000	3,140,000						
	Total	\$ 1,740,000	\$ 2,470,000	\$ 9,265,000	\$ 12,910,000						
	Cost Savings - General Fund			910,385	1,550,125						
	Cost Savings - Enterprise Funds			666,023	1,134,047						
	Cost Avoidance - General Fund			3,767,441	5,010,696						
	Cost Avoidance - Enterprise Funds			3,921,151	5,215,131						

\*\*Note: Investment and savings ranges shown above reflect ALVAREZ & MARSAL estimates of impacts of A&M recommendations.

### EXECUTIVE SUMMARY – IMPLEMENTATION PLAN

#### The eight key improvement areas require a 24+ month implementation plan

		Yr			Short Term Medium Term									Long Term																		
	Work Step	Мо	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
1	FOLLOW TCO PROCUREMENT APPROACH																															
2	MAKE SHOP WORKFLOW IMPROVEMENTS																															
	Make Scheduling Improvements																															
	Revamp Intake / Outtake Process																															
	Change Workorder Management								1																							
3	ENSURE PREVENTATIVE MAINTENANCE COMPLIANCE																															
4	DATA QUALITY IMPROVEMENTS																															
5	TECHNOLOGY UPDATES / TRANSFORMATION																															
	Billing, Customer Transparency								İ																							
	Performance Reporting Enhanceme	nts																		-												
	Long Term System Enhancements								1																							
6	FOLLOW UNDERUTILIZED VEHICLI PROCESS	E																														
0	RIGHT-SIZE THE FLEET								1																							
8	INCREASE VEHICLE MOTOR POOL	-																														

#### EXECUTIVE SUMMARY – KEY ACTION ITEMS

Key next steps the City must take to improve fleet management fall into five categories – Establish PMO and Governance Structure, Organizational Changes, Data and Technology, Shop Workflow Improvements, and Agency Communications

Establish PMO & Governance	<ul> <li>✓ Establish Project Management Office</li> <li>✓ Establish Fleet Advisory Board</li> <li>✓ Establish Risk Management and Procurement Working Groups</li> </ul>
Organizational Changes	<ul> <li>✓ Conduct staffing and pay scale assessments</li> <li>✓ Hire Service Advisors, Service Technicians, and a Data Quality Analyst</li> <li>✓ Conduct Total Cost of Ownership strategic sourcing exercise to improve pricing and vendor management</li> </ul>
Data & Technology	<ul> <li>✓ Conduct an M5 system assessment to enhance system use and capabilities</li> <li>✓ Require tracking of all assets in M5 to improve data integrity</li> <li>✓ Activate key M5 modules to enhance capabilities and improve coordination with other systems</li> </ul>
Shop Workflow Improvements	<ul> <li>✓ Enhance shop layout and workflow to reduce downtime and increase vehicle availability</li> <li>✓ Restructure work order management and establish quality control function</li> <li>✓ Refresh equipment and infrastructure to drive more efficient vehicle processing and repair</li> </ul>
Department Communication	<ul> <li>✓ Simplify and automate the billing procedures for increased transparency and customer service</li> <li>✓ Incentivize PM compliance and proper user maintenance reduce non-target repair costs</li> <li>✓ Engage departments in regular reporting and analysis of fleet management data</li> </ul>

### EXECUTIVE SUMMARY – MAINTAINING THE MOMENTUM

The City should engage in four rapid assessments to continue the process of transforming fleet management, and make informed decisions on how to proceed.

Focus Area	Purpose	Timeframe
Procurement / Strategic Sourcing	Evaluate pain points and develop the Citywide requirements analysis to drive procurement for fleet operations	60 days
Billing / Transparency	Revise the City's billing process and integrate the process with M5 to increase transparency and accuracy of billing based on services received by each department.	90 days
Right-sizing	Develop utilization thresholds for each vehicle category and individually review each vehicle that falls below the threshold.	180 days
Mechanic Pay / Compensation	Evaluate the current mechanic compensation structure against the market to ensure that wages and other benefits are competitive and allow the City to attract and retain the best talent.	30 days

# ALVAREZ & MARSAL

#### www.alvarezandmarsal.com

# City of Dallas Fleet Management Study

**City Council Briefing December 5, 2018** 

Donzell Gipson, Interim Director Equipment and Fleet Management City of Dallas

Eric Kuhns, Assistant Director Equipment and Fleet Management City of Dallas

# **Purpose/Presentation Overview**

- Address consultant recommendations from the Fleet Efficiency Study
- Provide overview and status update on process improvements for Fleet Services
- Upcoming Agenda Items
- Next Steps



# What We Learned From the Study

- How little fleet governance we had and what that has cost/caused
- The consultant's approach was an efficient way to align data across departments
- The City did not have an existing enterprise view or sustainable fleet strategy



# **Process Improvements**

- Organizational Assessment
- Follow Total Cost of Ownership (TCO) Approach
- Make Shop Workflow Improvements
- Utilization, Right Sizing, and Motor Pool
- Technology and Data Quality



# **Organizational Assessment**

Consult	Consultant Observations		In-Progress	Next Steps
Hiring				
1.	Develop "Temp" to "Hire" Program	v		
2.	15+ hired and assigned to work at various City service centers	٧		
Training				
3.	Modernize Training Program by increasing hands on instruction and utilizing free training opportunities from existing vendors		V	
Employe	e Compensation			
4.	Address tool/boot allowance and certification pay		٧	
5.	Engage Human Resources in the City-wide Compensation Study			٧



# Follow TCO Procurement Approach

Consul	tant Recommendation	Completed	In-Progress	Next Steps
Fleet Go	overnance			
1.	Establish a Fleet Advisory Board to establish standards		v	
2.	Ensure (PM) periodic maintenance compliance		v	
3.	Centralize decision making on fleet purchases		v	
Vehicle	Procurement			
4.	Evaluate the total cost of ownership versus short term initial purchase or operational reliance on rental equipment	V		
5.	Determine the most cost effective funding mechanism for fleet purchases	٧		
Enhanc	e Outsource Contracting Options			
6.	Work with Office of Procurement Services for better specifications and timely execution of contracts		v	



# **Make Workshop Flow Improvements**

nt Recommendation	Completed	In-Progress	Next Steps
Improvements			
taff realignment by shift and service center	v		
dd 3rd shift at the NW Service Center for anitation Services Vehicle maintenance	٧		
structure/Equipment			
urchase new shop equipment to increase safety, roductivity and diagnostic capabilities		v	
take/Outtake Process			
lire (6) Service Advisors to engage customers and erform better quality control		v	
orkorder Management			
laintenance Triage to better address customer eeds and improve turnaround time		٧	
e 0 1	erform better quality control rkorder Management aintenance Triage to better address customer	erform better quality control rkorder Management aintenance Triage to better address customer	erform better quality control rkorder Management aintenance Triage to better address customer

Government Performance and Financial Management

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**City of Dallas** 

# **Underutilization, Right Sizing & Motor Pool**

Consu	Itant Recommendation	Completed	In-Progress	Next Steps
Underu	itilization			
1.	Identify potential surplus vehicles			٧
2.	<ol> <li>Validate mileage, use, and hours in operation of vehicles with low annual mileage as criteria for low utilization</li> </ol>			
Right S	izing			
3.	Identify options to share vehicles			٧
4.	Determine requirements based on operational needs		٧	
5.	Develop business rules to earn authorizations to validate requirements for fleet purchases or retention of their fleet			V
Increase Motor Pool				
6.	Identify city facilities for expansion of motor pool		٧	

**City of Dallas** 

Government Performance and Financial Management

## **Technology & Data Quality**

Consu	Iltant Recommendation	Completed	In-Progress	Next Steps
Maxim	nize Use of the Fleet Management System (M5)			
1.	Enforce requirement to track all vehicles and equipment in M5		v	
2.	Evaluate implementation of M5 system modules currently not in use		v	
3.	Integrate with Risk Management System (Origami) on accident data			٧
4.	Offer refresher and on-going M5 training tailored to individual roles		V	
Assign	staff support to monitor data quality			
5.	Hire/Train incumbent to fill role of Data Quality Senior Analyst		v	
Simpli	fy and automate billing			
6.	Identify top disparities in lease rates and actual work order totals for transparency and customer service		V	

Government Performance and Financial Management

**City of Dallas** 

# **Upcoming Agenda Items**

- The December 12, 2018 City Council Agenda includes 1st phase of FY18-19 fleet purchase
- Working with DPD, CIS and City Attorney on changes to tow response for City Fleet
- City to operate as Vehicle Registration agent for Dallas County
- Working with Cedar Valley College on MOU to secure necessary training

Government Performance and Financial Management

**City of Dallas** 

# **Next Steps**

## Short Term

- Continue discussions with departments about potential underutilized vehicles and right-sizing their assigned fleet
- Expand the motor pool system to increase vehicle utilization thru sharing

## Long Term

 Review funding strategy to address replacement eligible vehicles during future budget cycles



# Fleet Services Update (Dallas Fleet Management Efficiency Study)

## **City Council Briefing December 5, 2018**

Donzell Gipson, Interim Director Equipment and Fleet Management City of Dallas

Eric Kuhns, Assistant Director Equipment and Fleet Management City of Dallas

### Memorandum

DATE April 12, 2019

<sup>TO</sup> Honorable Mayor and Members of the City Council

#### SUBJECT Quarterly Fleet Management Study Progress Update

On December 5, 2018, we briefed City Council on the Fleet Management Study conducted by Alvarez and Marsal. The attached progress report provides a status update through the first quarter of 2019.

If you have any questions on concerns, please contact Donzell Gipson, Director of Equipment and Fleet Management, at 214-671-5131 or via email.

M. Elifabeth Reich

M. Elizabeth Reich Chief Financial Officer

#### [Attachment]

c:

T.C. Broadnax, City Manager Chris Caso, City Attorney (Interim) Bilierae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizor Tolbert, Chief of Staff to the City Manager Majed A. Al-Ghafry, Assistant City Manager Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer Michael Mendoza, Chief of Economic Development and Neighborhood Services M. Elizabeth Reich, Chief Financial Officer Laila Alequresh, Chief Innovation Officer Directors and Assistant Directors



## **Organizational Assessment**

Date	Consultant Observations	Completed	In- Progress	Next Steps
	Hiring			
December 2018	1. Develop "Temp" to "Hire" Program	٧		
December 2018	2. Hired and assigned to work at various City service centers	v		
4 <sup>th</sup> Quarter 2018	15 temporaries hired and assigned	٧		
1st Quarter 2019	25 temporaries hired and assigned	٧		
	Training			
December 2018	<ol> <li>Modernize Training Program by increasing hands on instruction and utilizing free training opportunities from existing vendors</li> </ol>		v	
1st Quarter 2019	<ul> <li>Chose 8+ Adjunct Trainers to begin curriculum development</li> </ul>	v		
1st Quarter 2019	<ul> <li>City-wide Forklift training and shop orientation training for temporaries underway</li> </ul>	v		
	Employee Compensation			
December 2018	4. Address tool/boot allowance and certification pay		v	
1st Quarter 2019	Tool & Boot allowance increased	٧		
December 2018	5. Engage Human Resources in the City-wide Compensation Study			v

### Follow TCO Procurement Approach

Date	Consultant Recommendations Completed		In- Progress	Next Steps
	Fleet Governance			
December 2018	1. Establish a Fleet Advisory Board to establish standards		v	
1st Quarter 2019	Inaugural meeting held April 8th	٧		
December 2018	2. Ensure (PM) periodic maintenance compliance		v	
1st Quarter 2019	• Saturday PM program initiated in February 2019	v		
December 2018	3. Centralize decision making on fleet purchases		٧	
1st Quarter 2019	<ul> <li>Administrative Directive 6-02 being revised to reflect the new process</li> </ul>		v	
	Vehicle Procurement			
December 2018	4. Evaluate the total cost of ownership versus short term initial purchase or operational reliance on rental equipment	v		
December 2018	5. Determine the most cost-effective funding mechanism for fleet purchases	v		
	Enhance Outsource Contracting Options			
December 2018	6. Work with Office of Procurement Services for better specifications and timely execution of contracts		٧	
1st Quarter 2019	<ul> <li>OEM master agreement out for bid for refuse parts/service to address gaps in Sanitation maintenance</li> </ul>		v	

## Make Workshop Flow Improvements

Date	Consultant Recommendations	Completed	In- Progress	Next Steps
	Scheduling Improvements			
December 2018	1. Staff realignment by shift and service center	٧		
1st Quarter 2019	<ul> <li>Adding additional Saturday shifts at service centers to support customer demands</li> </ul>		v	
December 2018	2. Add 3rd shift at the NW Service Center for Sanitation Services Vehicle maintenance	٧		
	Shop Infrastructure/Equipment			
December 2018	3. Purchase new shop equipment to increase safety, productivity and diagnostic capabilities		٧	
1st Quarter 2019	<ul> <li>Developed prioritized list and identified funding and currently making purchases from master agreements</li> </ul>		v	
1st Quarter 2019	<ul> <li>Working with CIS to enhance network and wi-fi capability, as well as purchase tablets and computers for shop operations</li> </ul>		v	
	Revamp Intake/Outtake Process			
December 2018	<ol> <li>Hire (6) Service Advisors to engage customers and perform better quality control</li> </ol>		v	
1st Quarter 2019	<ul> <li>Positions are posted. Candidates under review. Shop roles and responsibilities being updated.</li> </ul>		v	
	Change Workorder Management			
December 2018	<ol> <li>Maintenance Triage to better address customer needs and improve turnaround time</li> </ol>		v	
1st Quarter 2019	• Prioritization of maintenance requests at service centers aimed at reducing the need for outside rental of equipment		v	

## Underutilization, Right Sizing & Motor Pool

Date	Consultant Recommendations	Completed	In- Progress	Next Steps
	Underutilization			
December 2018	1. Identify potential surplus vehicles			٧
1st Quarter 2019	<ul> <li>Developing cost avoidance/savings tracker to report metrics</li> </ul>		٧	
December 2018	2. Validate mileage, use, and hours in operation of vehicles with low annual mileage as criteria for low utilization			٧
1st Quarter 2019	• Review of DWU, PKR, AVI and EFM underway		v	
	Right Sizing			
December 2018	3. Identify options to share vehicles			٧
1st Quarter 2019	<ul> <li>Developing vehicle purchase strategy for motor pool to address fleet shortages and seasonality of operational needs and reduce expensive outside rentals</li> </ul>		v	
December 2018	4. Determine requirements based on operational needs		v	
December 2018	5. Develop business rules to earn authorizations to validate requirements for fleet purchases or retention of their fleet			٧
1st Quarter 2019	Draft requirements under review		٧	
	Increase Motor Pool			
December 2018	6. Identify city facilities for expansion of motor pool		٧	
1st Quarter 2019	Evaluating Jack Evans as potential new location		٧	

## Technology & Data Quality

Date	Consultant Recommendations		In- Progress	Next Steps
	Maximize Use of the Fleet Management System (M5)			
December 2018	1. Enforce requirement to track all vehicles and equipment in M5		v	
December 2018	2. Evaluate implementation of M5 system modules currently not in use		v	
December 2018	3. Integrate with Risk Management System (Origami) on accident data			v
1st Quarter 2019	<ul> <li>Data sharing via system reports and access to M5 being granted to Risk Management</li> </ul>		v	
December 2018	<ol> <li>Offer refresher and on-going M5 training tailored to individual roles</li> </ol>		v	
1st Quarter 2019	DFR had basic M5 navigation training	v		
1st Quarter 2019	• Developing Train-the-Trainer strategy for roll-out city-wide		v	
	Assign staff support to monitor data quality			
December 2018	5. Hire/Train incumbent to fill role of Data Quality Senior Analyst		v	
1st Quarter 2019	<ul> <li>Working with current technology team and CIS to determine if additional support is needed</li> </ul>		٧	
	Simplify and automate billing			
December 2018	6. Identify top disparities in lease rates and actual work order totals for transparency and customer service		v	
1st Quarter 2019	<ul> <li>Scheduling follow-up with consultant A&amp;M in second quarter of 2019 on moving to more system-based streamline billing</li> </ul>		v	



### Agenda Information Sheet

Item #: 4.

Budget Accountability Report (information as of July 31, 2020)

# BUDGET ACCOUNTABILITY REPORT AS OF JULY 31, 2020

## PREPARED BY THE OFFICE OF BUDGET

1500 Marilla Street, 4FN Dallas, TX 75201 214-670-3659 financialtransparency.dallascityhall.com

## **EXECUTIVE SUMMARY**

### Financial Forecast Report

	Year-End Fore	cast vs. Budget
Operating Fund	Revenues	Expenses
General Fund	<b>v</b>	<b>Ø</b>
Aviation	8	8
Convention and Event Services	8	8
Municipal Radio	8	8
Sanitation Services	<b>Ø</b>	<b>Ø</b>
Storm Drainage Management	<b>v</b>	<b>Ø</b>
Sustainable Development and Construction	8	0
Dallas Water Utilities	<b>v</b>	<b>Ø</b>
Information Technology	<b>V</b>	<ul> <li>Ø</li> </ul>
Radio Services	<b>v</b>	<b>Ø</b>
Equipment and Fleet Management	<b>Ø</b>	
Express Business Center	<b>Ø</b>	<b>Ø</b>
Office of the Bond Program	8	8
9-1-1 System Operations	<b>Ø</b>	<b>V</b>
Debt Service	<b>Ø</b>	<b>Ø</b>

✓ YE forecast within 5% of budget

• YE forecast within 6-10% of budget

XE forecast more than 10% from budget or no forecast provided

## Dallas 365









### Budget Initiative Tracker





## **FINANCIAL FORECAST REPORT**

The Financial Forecast Report (FFR) provides a summary of financial activity through July 31, 2020, for the General Fund and other annual operating funds of the City. The Adopted Budget reflects the budget adopted by City Council on September 18, 2019, effective October 1, 2019, through September 30, 2020. The Amended Budget column reflects City Council-approved transfers between funds and programs, department-initiated transfers between expense objects, approved use of contingency, and other amendments supported by revenue or fund balance.

Year-to-Date (YTD) Actual amounts represent revenue or expenses/encumbrances that have occurred through the end of the most recent accounting period. Departments provide the Year-End (YE) Forecast, which projects anticipated revenues and expenditures as of September 30, 2020. The variance is the difference between the FY 2019-20 Amended Budget and the YE Forecast. Variance notes are provided when the YE forecast is +/- five percent of the amended budget and/or if YE expenditures are forecast to exceed the amended budget.

### General Fund Overview

The General Fund overview provides a summary of financial activity through July 31, 2020.

	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	YTD Actual	YE Forecast	Variance
Beginning Fund Balance	\$219,919,890	\$219,919,890		\$235,824,022	\$15,904,132
Revenues	1,438,189,202	1,429,495,904	1,223,505,526	1,390,748,232	(38,747,672)
Expenditures	1,438,089,000	1,429,415,904	1,011,186,870	1,360,151,017	(69,264,887)
Ending Fund Balance	\$220,020,092	\$219,999,890		\$266,421,237	\$46,421,347

**Fund Balance.** The summary includes fund balance with the YE revenue and expenditure forecasts. As of July 31, 2020, the YE forecast beginning fund balance represents the FY 2018-19 audited unassigned ending fund balance and includes FY 2018-19 YE savings.

**Revenues.** Through July 31, 2020, General Fund revenues are projected to be \$38,748,000 under budget due to an anticipated decline of \$16,281,000 in sales tax receipts associated with the economic impact of COVID-19.

Additionally, charges for service revenues are forecast to be \$16,308,000 under budget due to a \$6,783,000 decline in Park and Recreation revenues associated with facility closures. Moreover, an anticipated \$5,847,000 reduction is associated with the Ambulance Services Supplemental Payment Program (ASSPP). Lastly, a \$1,998,000 decline is projected for parking meter revenues.

Franchise and other revenues are forecast to be \$2,549,000 under budget due to a projected \$5,114,000 decline in fiber optics revenues because of customers switching to wireless. Additionally, naming rights sponsorships are projected to be \$943,000 under budget. This is partially offset by Atmos revenues, which are anticipated to be \$3,347,000 over the amended budget.

**Expenditures.** Through July 31, 2020, General Fund expenditures are projected to be \$69,265,000 under budget primarily due to salary savings from vacant civilian positions associated with the hiring freeze enacted March 19, 2020, and an extended furlough of 389 civilian employees in the General Fund (471 in all funds). Also, eligible COVID-19 expenses have been reduced via transfers to the Coronavirus Relief Fund (from the U.S. Treasury). This is partially offset by an anticipated increase in hiring of police officers and the purchase of police equipment and uniforms.

### **VARIANCE NOTES**

**FY 2019-20 Amended Budget.** City Council amended the General Fund budget on June 10, 2020, by ordinance #31553 for mid-year appropriation adjustments. Staff recommended a net decrease of \$2,093,000 for General Fund revenues and expenses and transfer of expense appropriations between departments. City Council approved all recommended adjustments except those affecting the Dallas Police Department (DPD). City Council action reduced the General Fund budget by an additional \$6,500,000.

Revenue adjustments include:

- \$6,600,000 decrease in Franchise and Other
- \$3,760,000 decrease in Charges for Service
- \$1,667,000 increase in Intergovernmental

Expense adjustments include:

- \$200,000 decrease for Building Services (BSD)
- \$550,000 increase for City Controller's Office (CCO)
- \$1,657,000 decrease for Court and Detention Services (CTS)
- \$2,553,000 increase for Dallas Fire-Rescue (DFR)
- \$91,000 decrease for Human Resources (HR)
- \$1,600,000 decrease for Library (LIB)
- \$100,000 increase for Mayor and City Council (MCC)
- \$3,854,000 decrease for Non-Departmental (Non-D)
- \$116,000 increase for Management Services (MGT)
- \$5,260,000 decrease for Park and Recreation (PKR)
- \$1,433,000 increase for Public Works (PBW)
- \$683,000 decrease for Transportation (TRN)

### Financial Forecast Report

## **GENERAL FUND REVENUE**

Revenue Category	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	YTD Actual	YE Forecast	Variance
Property Tax <sup>1</sup>	\$787,420,172	\$787,420,172	\$785,831,643	\$787,223,985	(\$196,187)
Sales Tax <sup>2</sup>	325,566,185	325,566,185	209,916,637	309,284,972	(16,281,213)
Franchise and Other <sup>3</sup>	129,339,760	122,739,557	95,341,153	120,190,604	(2,548,953)
Charges for Service⁴	115,177,017	111,417,257	65,719,630	95,109,670	(16,307,587)
Fines and Forfeitures⁵	27,222,251	27,222,251	20,100,147	23,834,545	(3,387,706)
Operating Transfers In	25,694,602	25,694,602	21,598,492	25,694,602	0
Intergovernmental <sup>6</sup>	11,382,649	13,049,314	10,235,571	13,620,972	571,658
Miscellaneous <sup>7</sup>	6,685,258	6,685,258	5,959,422	6,213,352	(471,906)
Licenses and Permits	5,154,061	5,154,061	4,236,623	5,009,322	(144,739)
Interest	4,547,247	4,547,247	4,566,208	4,566,208	18,961
Total Revenue	\$1,438,189,202	\$1,429,495,904	\$1,223,505,526	\$1,390,748,232	(\$38,747,672)

### **VARIANCE NOTES**

General Fund revenue variance notes are provided below for revenue categories with YE forecast variances of +/- five percent and revenue with an amended budget.

**1 Property Tax.** Property tax revenues are forecast to be \$196,000 under budget based on current trends and actual collections.

**2 Sales Tax.** Sales tax revenues are forecast to be \$16,281,000 under budget due to the economic impact of COVID-19.

**3 Franchise and Other.** The budget for franchise and other revenues was decreased by \$6,600,000 on June 10, 2020, as part of the mid-year appropriation adjustment process. Revenues are forecast to be \$2,549,000 under budget due to a projected \$5,114,000 decline in fiber optics revenues because of customers switching to wireless. Additionally, naming rights sponsorships are projected to be \$943,000 under budget. This is partially offset by Atmos revenues, which are anticipated to be \$3,347,000 over the amended budget.

**4 Charges for Service.** The budget for charges for service revenues was decreased by \$3,760,000 on June 10, 2020, as part of the mid-year appropriation adjustment process. Revenues are forecast to be \$16,308,000 under budget. An anticipated \$5,847,000 reduction is associated with the Ambulance Services Supplemental Payment Program (ASSPP). DFR was informed that municipal EMS providers would see a significant cut in payments, but the final estimate for ASSPP will not be known until later in the fiscal year. Moreover, PKR revenues are forecast to be \$6,783,000 under budget due to facility closures associated with COVID-19, and parking meter fees are forecast to be \$1,998,000 under budget.

**5 Fines and Forfeitures.** Fines and forfeitures revenues are forecast to be \$3,388,000 under budget primarily due to a \$1,428,000 decrease in non-traffic fines, a \$705,000 decrease in civil fines, and a \$829,000 decrease in parking fines associated with COVID-19.

### **VARIANCE NOTES**

**6** Intergovernmental. The budget for intergovernmental revenues was increased by \$1,667,000 on June 10, 2020, by ordinance #31553 as the result of a one-time transfer from Dallas County for equipment purchases. Revenues are forecast to be \$572,000 over budget primarily due to intergovernmental revenue-sharing agreements with Coppell, Euless, Grapevine, and Irving being \$1,149,000 over budget. This is partially offset by a \$666,000 decrease in the Dallas County reimbursement to CTS for child safety fees.

**7 Miscellaneous.** Miscellaneous revenues are forecast to be \$472,000 under budget primarily due to an \$817,000 accounting correction associated with the Meyerson Symphony Center contract, offset by an equivalent reduction in expenses. Additionally, rebate revenue is projected to be \$204,000 over budget, and auto auction revenue is projected to be \$198,000 over budget.

## Financial Forecast Report

## **GENERAL FUND EXPENDITURES**

Expenditure Category	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	YTD Actual	YE Forecast	Variance
Civilian Pay	\$243,326,547	\$240,345,712	\$150,173,850	\$208,922,461	(\$31,423,251)
Civilian Overtime	6,094,572	6,127,199	8,146,360	10,742,389	4,615,190
Civilian Pension	34,258,149	34,195,140	21,792,917	30,425,991	(3,769,149)
Uniform Pay	457,164,984	457,164,984	324,218,399	455,328,700	(1,836,284)
Uniform Overtime	40,551,607	42,604,287	36,032,349	49,369,139	6,764,852
Uniform Pension	164,529,405	164,529,405	116,469,041	164,062,114	(467,291)
Health Benefits	70,051,318	70,061,654	41,523,990	69,885,685	(175,969)
Workers Comp	14,933,520	14,933,520	14,933,520	14,933,520	0
Other Personnel Services	10,260,278	10,229,426	8,054,445	12,062,121	1,832,695
Total Personnel Services <sup>1</sup>	1,041,170,380	1,040,191,327	721,344,871	1,015,732,120	(24,459,207)
Supplies	82,737,886	81,596,773	53,099,455	78,444,915	(3,151,858)
Contractual Services	389,583,720	380,740,740	279,924,107	374,087,634	(6,653,106)
Capital Outlay <sup>2</sup>	14,823,774	17,333,244	11,208,770	18,244,290	911,046
Reimbursements <sup>3</sup>	(90,226,760)	(90,446,180)	(54,390,333)	(126,357,942)	(35,911,762)
Total Expenditures	\$1,438,089,000	\$1,429,415,904	\$1,011,186,870	\$1,360,151,017	(\$69,264,887)

### **VARIANCE NOTES**

General Fund expenditure variance notes are provided below for expenditure categories with YE forecast variances of +/- five percent. The Amended Budget column reflects department-initiated transfers between expense objects.

**1 Personnel Services.** Personnel services are forecast to be \$24,459,000 under budget primarily due to salary savings associated with the hiring freeze enacted March 19, 2020, an extended furlough of 389 civilian employees in the General Fund, and a transfer of eligible personnel expenses to the Coronavirus Relief Fund. This is partially offset by an anticipated increase in hiring of police officers and overtime for both civilian and uniform employees. Dallas Police Department (DPD) ended FY 2018-19 with more officers than anticipated, is experiencing less attrition, and is increasing hiring. DPD's budget assumed 3,053 officers at the end of FY 2019-20, but DPD now anticipates ending the year with 3,150 officers. Funding for these additional 97 officers was not anticipated in the adopted budget.

**2 Capital Outlay.** Capital outlays are forecast to be \$911,000 over budget primarily due to expenses related to bike lane project designs incurred in Capital Outlay that were budgeted under Contractual Services.

**3 Reimbursements.** General Fund reimbursements reflect contributions from various agencies, including federal and state funds, internal service fund departments, and enterprise fund departments. Reimbursements are forecast to be \$35,912,000 over budget primarily due to an anticipated use of the Coronavirus Relief Fund to pay for expenses related to COVID-19 incurred within the General Fund. This is primarily offset by lower forecasts for TIF reimbursements to the Office of Economic Development (ECO), decreased reimbursements to DFR and DPD from Aviation (AVI), and decreased reimbursements to the Office of Environmental Quality and Sustainability (OEQS) from DWU and Storm Drainage Management (SDM).

# Financial Forecast Report GENERAL FUND EXPENDITURES

Expenditure by Department	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	YTD Actual	YE Forecast	Variance
Building Services <sup>1</sup>	\$23,310,536	\$23,110,777	\$16,915,495	\$20,882,556	(\$2,228,221)
City Attorney's Office <sup>2</sup>	18,483,486	18,483,486	12,088,823	17,445,366	(1,038,120)
City Auditor's Office <sup>3</sup>	3,398,923	3,398,923	1,848,659	2,747,547	(651,376)
City Manager's Office <sup>4</sup>	2,936,728	2,936,728	1,908,379	2,743,223	(193,505)
City Secretary's Office	3,038,936	3,038,936	2,083,093	3,022,888	(16,048)
Elections	98,646	98,646	53,766	98,646	0
Civil Service <sup>5</sup>	3,274,657	3,274,657	1,933,923	2,778,159	(496,498)
Code Compliance <sup>6</sup>	30,476,546	30,476,546	19,357,766	28,087,753	(2,388,793)
City Controller's Office <sup>7</sup>	7,210,578	7,760,563	4,672,910	6,903,941	(856,622)
Independent Audit	945,429	945,429	(9,568)	945,429	0
Court and Detention Services <sup>8</sup>	22,636,938	20,980,196	14,312,802	19,682,304	(1,297,892)
Jail Contract	9,158,124	9,158,124	6,868,060	9,158,124	0
Dallas Animal Services <sup>9</sup>	15,635,492	15,635,492	10,251,079	14,020,618	(1,614,874)
Dallas Fire-Rescue <sup>10</sup>	317,747,117	320,219,797	221,805,945	307,027,970	(13,191,827)
Dallas Police Department <sup>11</sup>	516,967,195	516,967,195	360,011,470	501,432,780	(15,534,415)
Housing and Neighborhood Revitalization <sup>12</sup>	3,270,227	3,270,227	1,839,092	3,016,217	(254,010)
Human Resources <sup>13</sup>	6,556,941	6,465,527	4,779,604	6,053,037	(412,490)
Judiciary Library <sup>14</sup>	3,806,942	3,806,942	2,803,246	3,784,855	(22,087)
Aayor and City Council <sup>15</sup>	33,876,186 5,017,657	<u>32,276,186</u> 5,117,657	22,421,295 3,176,342	28,578,380 4,813,293	(3,697,806) (304,364)
Non-Departmental <sup>16</sup>	105,563,682	101,709,282	79,598,783	98,751,513	(2,957,769)
Office of Arts and Culture <sup>17</sup>	20,866,115	20,866,115	17,054,060	17,838,744	(3,027,371)
Office of Budget <sup>18</sup>	3,879,425	3,879,425	2,766,165	3,680,656	(198,769)
Office of Economic Development <sup>19</sup>	5,365,845	5,365,845	3,863,853	5,024,874	(340,971)
Office of Management Services	3,003,013	3,003,013	0,000,000	3,02 1,07 1	
311 Customer Service Center <sup>20</sup>	4,835,776	4,835,776	2,851,283	4,594,225	(241,551)
Council Agenda Office	246,824	246,824	164,039	235,781	(11,043)
Emergency Management	1,122,694	1,122,694	826,559	1,122,290	(404)
Office of Business Diversity <sup>21</sup>	992,241	992,241	572,552	837,702	(154,539)
Office of Community Care <sup>22</sup>	6,700,917	6,700,917	3,738,263	6,305,414	(395,503)
Office of Community Police Oversight <sup>23</sup>	475,000	475,000	93,196	268,994	(206,006)
Office of Environmental Quality and Sustainability <sup>24</sup>	3,524,865	3,524,865	2,510,141	2,182,868	(1,341,997)
Office of Equity	492,264	492,264	276,458	468,722	(23,542)
Office of Ethics and Compliance <sup>25</sup>	227,912	227,912	58,491	116,969	(110,943)
Office of Fair Housing and Human Rights <sup>26</sup>	519,488	519,488	328,827	476,364	(43,124)
Office of Historic Preservation <sup>27</sup>	626,200	626,200	290,160	564,492	(61,708)
Office of Homeless Solutions	12,126,340	12,126,340	9,168,284	12,041,143	(85,197)
Office of Innovation <sup>28</sup>	913,030	913,030	543,184	822,729	(90,301)
Office of Integrated Public Safety Solutions <sup>29</sup>	0	115,798	0	115,798	0
Office of Resiliency <sup>30</sup>	334,705	334,705	112,279	295,186	(39,519)
Office of Strategic Partnerships and Governmental Affairs	1,084,555	1,084,555	852,335	1,083,042	(1,513)
Office of Welcoming Communities <sup>31</sup>	751,913	751,913	302,013	593,788	(158,125)
Public Affairs and Outreach <sup>32</sup>	2,020,529	2,020,529	1,200,855	1,820,588	(199,941)
Park and Recreation <sup>33</sup>	98,596,497	93,336,737	72,297,737	85,024,763	(8,311,974)
Planning and Urban Design <sup>34</sup>	3,396,703	3,396,703	2,090,899	3,002,873	(393,830)
Procurement Services <sup>35</sup>	3,021,425	3,021,425	1,688,642	2,563,716	(457,709)
Public Works <sup>36</sup>	77,176,071	78,609,407	62,272,168	78,049,407	(560,000)
Sustainable Development and Construction <sup>37</sup>	1,858,966	1,858,966	1,673,930	1,612,605	(246,361)
Transportation <sup>38</sup>	45,270,589	44,587,769	29,118,390	41,681,542	(2,906,227)
Total Departments	\$1,429,837,855	\$1,421,164,759	\$1,005,435,725	\$1,354,399,872	(\$66,764,887)
Liability/Claim Fund Transfer	2,751,145	2,751,145	2,751,145	2,751,145	0
Contingency Reserve	3,000,000	3,000,000	3,000,000	3,000,000	0
Salary and Benefit Reserve <sup>39</sup>	2,500,000	2,500,000	0	0	(2,500,000)
Total Expenditures	\$1,438,089,000	\$1,429,415,904	\$1,011,186,870	\$1,360,151,017	(\$69,264,887)

### **VARIANCE NOTES**

General Fund variance notes are provided below for departments with YE forecast variances of +/- five percent, amended budgets, or YE forecasts projected to exceed budget.

**1 Building Services.** BSD's budget was decreased by \$200,000 on June 10, 2020, by ordinance #31553. BSD is projected to be \$2,228,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, an extended furlough of 389 civilian employees in the General Fund, and the transfer of eligible expenses to the Coronavirus Relief Fund.

**2 City Attorney's Office.** CAO is projected to be \$1,038,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and the transfer of eligible expenses to the Coronavirus Relief Fund.

**3 City Auditor's Office.** AUD is projected to be \$651,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and an anticipated reduction in the need for audit co-sourcing services in FY 2019-20.

**4 City Manager's Office.** CMO is projected to be \$194,000 under budget due to the transfer of eligible expenses to the Coronavirus Relief Fund.

**5 Civil Service.** CVS is projected to be \$496,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020.

**6 Code Compliance.** CCS is projected to be \$2,389,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and the transfer of eligible expenses to the Coronavirus Relief Fund.

**7 City Controller's Office.** CCO's budget was increased by \$550,000 on June 10, 2020, by ordinance #31553 for the reorganization of City payroll services. CCO is projected to be \$857,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and the transfer of eligible expenses to the Coronavirus Relief Fund.

**8 Court and Detention Services.** CTS' budget was decreased by \$1,657,000 on June 10, 2020, by ordinance #31553. CTS is projected to be \$1,298,000 under budget primarily due to salary savings associated with the hiring freeze enacted March 19, 2020 (\$2,837,000) and savings from the school crossing guard contract due to school closures associated with the Dallas County stay-at-home decree (\$581,000), as well as the transfer of eligible expenses to the Coronavirus Relief Fund. CTS savings are partially offset by increases in overtime (\$858,000), termination payouts (\$109,000), security services (\$553,000), and temporary help services (\$144,000).

**9 Dallas Animal Services.** DAS is projected to be \$1,615,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and the transfer of eligible expenses to the Coronavirus Relief Fund.

**10 Dallas Fire-Rescue.** DFR's budget was increased by \$2,553,000 on June 10, 2020, by ordinance #31553 for the use of overtime and reduced reimbursement from AVI for emergency medical services (EMS). DFR is projected to be \$13,192,000 under budget primarily due to the transfer of eligible expenses to the Coronavirus Relief Fund.

**11 Dallas Police Department.** DPD is projected to be \$15,534,000 under budget primarily due to the transfer of eligible expenses to the Coronavirus Relief Fund, partially offset by higher-than-anticipated hiring of police officers, uniforms, and overtime for civilian and sworn positions. The increase in overtime is associated with the October 2019 tornado, COVID-19, and the summer 2020 civil protests, as well as

cancellation of an anticipated transfer of eligible overtime expenses to Confiscated Funds. DPD ended FY 2018-19 with more officers than anticipated, is experiencing less attrition, and is increasing hiring. DPD's budget assumed 3,053 officers at the end of FY 2019-20, but DPD now anticipates ending the year with 3,150 officers. Funding for these additional 97 officers was not anticipated in the adopted budget.

**12 Housing and Neighborhood Revitalization.** HOU is projected to be \$254,000 under budget due to salary savings, partially offset by termination payouts.

**13 Human Resources.** HR's budget was decreased by \$91,000 on June 10, 2020, by ordinance #31553. HR is projected to be \$412,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and an extended furlough of 389 civilian employees in the General Fund, as well as the transfer of eligible expenses to the Coronavirus Relief Fund.

**14 Library.** LIB's budget was decreased by \$1,600,000 on June 10, 2020, by ordinance #31553. LIB is projected to be \$3,698,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and an extended furlough of 389 civilian employees in the General Fund, as well as the transfer of eligible expenses to the Coronavirus Relief Fund.

**15 Mayor and City Council.** MCC's budget was increased by \$100,000 on June 10, 2020, by ordinance #31553 for salary equity adjustments. MCC is projected to be \$304,000 under budget due to salary savings associated with vacancies and an extended furlough of 389 civilian employees in the General Fund, as well as the transfer of eligible expenses to the Coronavirus Relief Fund. This is primarily offset by salary equity adjustments.

**16 Non-Departmental.** The Non-D budget was decreased by \$3,854,000 on June 10, 2020, by ordinance #31553.

**17 Office of Arts and Culture.** OAC is projected to be \$3,027,000 under budget primarily due to a reduction in Cultural Organizations Program contracts, deferral of one-third of its project-based grants to FY 2020-21, and a reduction in cultural center budgets. Further savings are due to salary savings associated with the hiring freeze enacted March 19, 2020, an extended furlough of 389 civilian employees in the General Fund, and the transfer of eligible expenses to the Coronavirus Relief Fund.

**18 Office of Budget.** BMS is projected to be \$199,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and the transfer of eligible expenses to the Coronavirus Relief Fund.

**19 Office of Economic Development.** ECO is projected to be \$341,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and the transfer of eligible expenses to the Coronavirus Relief Fund, primarily offset by lower forecasts for TIF reimbursements.

**20 311 Customer Service Center.** 311 is projected to be \$242,000 under budget due to salary savings and the transfer of eligible expenses to the Coronavirus Relief Fund, partially offset by an increase in overtime.

**21 Office of Business Diversity.** OBD is projected to be \$155,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, and the transfer of eligible expenses to the Coronavirus Relief Fund.

**22 Office of Community Care.** OCC is projected to be \$396,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, savings from the senior dental services contract, and contract cancellation in senior services programming.

**23 Office of Community Police Oversight.** OCPO is projected to be \$206,000 under budget due to salary savings.

**24 Office of Environmental Quality and Sustainability.** OEQS is projected to be \$1,342,000 under budget due to salary savings associated with the hiring freeze enacted March 19, 2020, the transfer of eligible expenses to the Coronavirus Relief Fund, and the further reduction of non-essential expenses, partially offset by reduced reimbursements from DWU and SDM.

**25 Office of Ethics and Compliance.** EAC is projected to be \$111,000 under budget due to salary savings.

**26 Office of Fair Housing and Human Rights.** FHO is projected to be \$43,000 under budget due to salary savings.

**27 Office of Historic Preservation.** OHP is projected to be \$62,000 under budget due to salary savings and the transfer of eligible expenses to the Coronavirus Relief Fund.

**28 Office of Innovation.** INO is projected to be \$90,000 under budget due to salary savings and the transfer of eligible expenses to the Coronavirus Relief Fund.

**29 Office of Integrated Public Safety Solutions.** MGT's budget was increased by \$116,000 on June 10, 2020, by ordinance #31553 to establish the new Office of Integrated Public Safety Solutions.

**30 Office of Resiliency.** REO is projected to be \$40,000 under budget due to salary savings and the transfer of eligible expenses to the Coronavirus Relief Fund.

**31 Office of Welcoming Communities and Immigrant Affairs.** WCIA is projected to be \$158,000 under budget due to salary savings and the transfer of eligible expenses to the Coronavirus Relief Fund.

**32 Public Affairs and Outreach.** PAO is projected to be \$200,000 under budget due to salary savings and the transfer of eligible expenses to the Coronavirus Relief Fund.

**33 Park and Recreation.** PKR's budget was decreased by \$5,260,000 on June 10, 2020, by ordinance #31553. PKR is projected to be \$8,312,000 under budget primarily due to salary savings (\$5,913,000) associated with the hiring freeze enacted March 19, 2020, and an extended furlough of 389 civilian employees in the General Fund; the cancellation of various recreational programming (\$2,100,000); and the transfer of eligible expenses to the Coronavirus Relief Fund. PKR's savings are primarily offset by increases in overtime (\$591,000) and termination payouts (\$415,000).

**34 Planning and Urban Design.** PUD is projected to be \$394,000 under budget primarily due to the transfer of eligible expenses to the Coronavirus Relief Fund.

**35 Procurement Services.** POM is projected to be \$458,000 under budget primarily due to salary savings and the transfer of eligible expenses to the Coronavirus Relief Fund.

**36 Public Works.** PBW's budget was increased by \$1,433,000 on June 10, 2020, by ordinance #31553 for the purchase of equipment supported by unplanned revenue from Dallas County.

**37 Sustainable Development and Construction.** DEV is projected to be \$246,000 under budget primarily due to salary savings and the transfer of eligible expenses to the Coronavirus Relief Fund.

**38 Transportation.** TRN's budget was decreased by \$683,000 on June 10, 2020, by ordinance #31553. TRN is projected to be \$2,906,000 under budget primarily due to salary savings partially associated with an extended furlough of 389 civilian employees in the General Fund, and finding an alternate source of funding for FY 2019-20 operation and maintenance of the Dallas Streetcar.

**39 Salary and Benefit Reserve.** The salary and benefit reserve has not been required in FY 2019-20 because General Fund departments have personnel savings from the hiring freeze enacted on March 19,2020, an extended furlough of 389 civilian employees in the General Fund, and the transfer of eligible expenses to the Coronavirus Relief Fund.

## Financial Forecast Report

## **ENTERPRISE FUNDS**

Department	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	YTD Actual	YE Forecast	Variance
Beginning Fund Balance	\$5,570,308	\$5,570,308		\$5,419,811	(\$150,497)
Total Revenues	158,255,683	158,255,683	105,548,314	128,098,078	(30,157,605)
Total Expenditures	158,255,683	158,255,683	108,886,373	128,098,078	(30,157,605)
Ending Fund Balance	\$5,570,308	\$5,570,308		\$5,419,811	(\$150,497)
CONVENTION AND EVENT SER	VICES <sup>2</sup>				
Beginning Fund Balance	\$39,186,345	\$39,186,345		\$57,091,833	\$17,905,488
Total Revenues	114,358,254	114,358,254	60,106,973	65,899,142	(48,459,112)
Total Expenditures	114,358,254	114,358,254	31,456,476	65,899,142	(48,459,112)
Ending Fund Balance	\$39,186,345	\$39,186,345		\$57,091,833	\$17,905,488
MUNICIPAL RADIO <sup>3</sup>					
Beginning Fund Balance	\$768,840	\$768,840		\$957,554	\$188,714
Total Revenues	2,161,634	2,161,634	1,267,632	1,515,000	(646,634)
Total Expenditures	2,067,782	2,067,782	1,370,507	1,793,129	(274,653)
Ending Fund Balance	\$862,692	\$862,692		\$679,425	(\$183,267)
Note: FY 2019-20 budget reflect	s revenue in excess of	expenses.			
SANITATION SERVICES <sup>4</sup>					
Beginning Fund Balance	\$24,416,494	\$24,416,494		\$40,213,874	\$15,797,380
Total Revenues	120,129,201	120,129,201	102,994,210	121,064,719	935,518
Total Expenditures	122,129,201	127,945,397	77,621,272	127,945,397	0
Ending Fund Balance	\$22,416,494	\$16,600,298		\$33,333,196	\$16,732,898
STORM DRAINAGE MANAGEM	ENT-DALLAS WATE	R UTILITIES <sup>5</sup>			
Beginning Fund Balance	\$12,721,861	\$12,721,861		\$9,880,820	(\$2,841,041)
Total Revenues	60,936,837	60,936,837	53,224,738	60,439,176	(497,661)
Total Expenditures	60,936,837	65,536,837	42,239,982	65,536,837	0
Ending Fund Balance	\$12,721,861	\$8,121,861		\$4,783,159	(\$3,338,702)
SUSTAINABLE DEVELOPMENT	AND CONSTRUCTIO	N <sup>6</sup>			
		I . I	1	1	

\$45,979,705	\$45,979,705		\$51,827,466	\$5,847,761
33,474,379	33,474,379	25,555,715	29,273,848	(4,200,531)
34,550,990	34,550,990	24,083,553	31,842,786	(2,708,204)
\$44,903,094	\$44,903,094		\$49,258,528	\$4,355,434
	33,474,379 34,550,990	33,474,379         33,474,379           34,550,990         34,550,990	33,474,379         33,474,379         25,555,715           34,550,990         34,550,990         24,083,553	33,474,379         33,474,379         25,555,715         29,273,848           34,550,990         34,550,990         24,083,553         31,842,786

Note: FY 2019-20 budget reflects planned use of fund balance.

#### WATER UTILITIES<sup>7</sup>

Beginning Fund Balance	\$138,576,064	\$138,576,064		\$151,387,348	\$12,811,284
Total Revenues	670,485,708	670,485,708	518,349,124	644,651,349	(25,834,359)
Total Expenditures	681,220,919	681,220,919	474,273,449	655,391,831	(25,829,088)
Ending Fund Balance	\$127,840,853	\$127,840,853		\$140,646,866	\$12,806,013

Note: FY 2019-20 budget reflects planned use of fund balance.

### Financial Forecast Report

## **INTERNAL SERVICE FUNDS**

Department	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	YTD Actual	YE Forecast	Variance
INFORMATION TECHNOLOGY					
Beginning Fund Balance	\$4,578,881	\$4,578,881		\$5,116,697	\$537,816
Total Revenues	80,180,034	80,180,034	65,437,513	80,206,339	26,305
Total Expenditures	79,967,864	79,967,864	63,700,912	79,014,144	(953,720)
Ending Fund Balance	\$4,791,051	\$4,791,051		\$6,308,892	\$1,517,841

Note: FY 2019-20 budget reflects revenue in excess of expenses.

#### **RADIO SERVICES**

Beginning Fund Balance	\$924,085	\$924,085		\$1,263,982	\$339,897
Total Revenues	12,523,888	12,523,888	10,508,889	12,519,954	(3,934)
Total Expenditures	12,825,721	12,825,721	11,292,881	12,693,455	(132,266)
Ending Fund Balance	\$622,252	\$622,252		\$1,090,481	\$468,229

Note: FY 2019-20 budget reflects planned use of fund balance.

#### EQUIPMENT AND FLEET MANAGEMENT<sup>8</sup>

Beginning Fund Balance	\$6,362,857	\$6,362,857		\$7,143,432	\$780,575
Total Revenues	56,213,623	56,213,623	21,940,747	56,740,748	527,125
Total Expenditures	56,235,872	56,235,872	41,352,766	52,006,848	(4,229,024)
Ending Fund Balance	\$6,340,608	\$6,340,608		\$11,877,332	\$5,536,724

Note: FY 2019-20 budget reflects planned use of fund balance.

#### EXPRESS BUSINESS CENTER

\$3,510,566	\$3,510,566		\$3,426,575	(\$83,991)
2,593,790	2,593,790	2,072,501	2,593,790	0
2,005,981	2,005,981	1,588,224	2,005,937	(44)
\$4,098,375	\$4,098,375		\$4,014,428	(\$83,947)
	2,593,790 2,005,981	2,593,790 2,593,790 2,005,981 2,005,981	2,593,7902,593,7902,072,5012,005,9812,005,9811,588,224	2,593,7902,593,7902,072,5012,593,7902,005,9812,005,9811,588,2242,005,937

Note: FY 2019-20 budget reflects revenue in excess of expenses.

#### OFFICE OF THE BOND PROGRAM<sup>9</sup>

Beginning Fund Balance	\$0	\$0		(\$2,916,716)	(\$2,916,716)
Total Revenues	18,547,674	18,547,674	737,869	15,021,910	(3,525,764)
Total Expenditures	18,547,674	18,547,674	11,873,613	15,021,910	(3,525,764)
Ending Fund Balance	\$0	\$0		(\$2,916,716)	(\$2,916,716)

# Financial Forecast Report **OTHER FUNDS**

Department	FY 2019-20 Adopted Budget	FY 2019-20 Amended Budget	YTD Actual	YE Forecast	Variance
9-1-1 SYSTEM OPERATIONS <sup>10</sup>					
Beginning Fund Balance	\$7,453,734	\$7,453,734		\$11,185,392	\$3,731,658
Total Revenues	12,017,444	12,017,444	4,817,244	12,072,921	55,477
Total Expenditures	15,292,755	17,456,147	4,125,451	17,434,187	(21,960)
Ending Fund Balance	\$4,178,423	\$2,015,031		\$5,824,126	\$3,809,095

Note: FY 2019-20 budget reflects planned use of fund balance.

#### DEBT SERVICE<sup>11</sup>

Beginning Fund Balance	\$23,358,486	\$23,358,486		\$34,291,584	\$10,933,098
Total Revenues	305,536,876	305,536,876	282,277,295	305,017,730	(519,146)
Total Expenditures	305,451,298	305,451,298	226,541,848	297,317,298	(8,134,000)
Ending Fund Balance	\$23,444,064	\$23,444,064		\$41,992,016	\$18,547,952

Note: FY 2019-20 budget reflects revenue in excess of expenses.

#### EMPLOYEE BENEFITS<sup>12</sup>

City Contributions	\$97,177,729	97,177,729	61,360,341	97,177,729	\$O
Employee Contributions	38,231,005	38,231,005	32,744,261	32,744,261	(5,486,744)
Retiree	32,507,154	32,507,154	25,104,047	28,788,573	(3,718,581)
Other	0	0	166,726	166,726	166,726
Total Revenues	167,915,888	167,915,888	119,375,376	158,877,290	(9,038,598)
Total Expenditures	\$171,665,888	\$171,665,888	\$129,080,972	\$154,776,692	(\$16,889,196)

Note: FY 2019-20 budget reflects revenue in excess of expenses. FY 2019-20 YE forecast reflects claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects incurred but not reported (IBNR) claims.

#### **RISK MANAGEMENT<sup>13</sup>**

Worker's Compensation	\$19,883,135	\$19,883,135	20,710,151	20,710,151	\$827,016
Third Party Liability	4,383,960	4,383,960	7,426,534	7,426,534	3,042,574
Purchased Insurance	4,526,340	4,526,340	5,066	5,066	(4,521,274)
Interest and Other	0	0	135,612	135,612	135,612
Total Revenues	28,793,435	28,793,435	28,277,363	28,277,363	(516,072)
Total Expenditures	\$34,526,799	\$34,526,799	20,896,503	30,726,951	(\$3,799,848)

Note: FY 2019-20 budget reflects planned use of fund balance. FY 2019-20 YE forecast reflects claim expenses expected to occur in the fiscal year. Fund balance (not included) reflects the total current liability for Risk Management (Worker's Compensation/Liability/ Property Insurance).

### **VARIANCE NOTES**

The Enterprise, Internal Service, and Other Funds summaries include the beginning fund balance with the YE revenue and expenditure forecasts. As of July 31, 2020, YE forecast beginning fund balance represents the FY 2018-19 audited ending fund balance and any additional YE savings. Variance notes are provided below for funds with a YE forecast variance of +/- five percent, YE forecast projected to exceed budget, or projected use of fund balance.

**1** Aviation. AVI revenues are projected to be \$30,158,000 under budget primarily due to a loss of landing fees and garage parking associated with diminished air travel due to COVID-19. Expenses are projected to be \$30,158,000 under budget primarily due to salary savings associated with the hiring freeze enacted March 19, 2020, limited overtime, elimination of temporary employees and various contractual expenses, and the transfer of eligible expenses to the Coronavirus Relief Fund. AVI currently anticipates approximately \$53,800,000 in CARES Act funding, which will mitigate some of the financial impacts of COVID-19: \$19,800,000 for remaining FY 2019-20 operating expenses, \$10,000,000 for current fiscal year debt service payments, \$4,000,000 for capital transfer, and \$20,000,000 for next fiscal year's debt service payments.

**2 Convention and Event Services.** CCT revenues are projected to be \$48,459,000 under budget due to various event cancellations and significantly lower Hotel Occupancy Tax (HOT) and alcoholic beverage tax collections as a result of COVID-19. CCT expenses are projected to be \$48,459,000 under budget primarily due to a reduction in payments to VisitDallas, Spectra Venue Management, and costs that would have been incurred for now-canceled events. CCT continues to work with its hotel partners, VisitDallas, Spectra Venue Management, and the Dallas Tourism Public Improvement District to forecast HOT decreases and potentially rebook clients later in the fiscal year.

**3Municipal Radio.** WRR revenues are projected to be \$647,000 under budget due to the onset of COVID-19. Expenses are projected to be \$275,000 under budget primarily due to salary savings and a decrease in local agency commission fees. WRR will continue to publicly broadcast City Council meetings and classical music to Dallas residents. WRR anticipates the use of fund balance to offset lost revenues.

**4 Sanitation Services.** SAN's budget was increased by \$5,816,000 on June 10, 2020, by ordinance #31553 for emergency contract management expenses, storm debris collection and hauling, brush collection services, overtime, and temporary labor services resulting from the October 2019 tornado. SAN anticipates the use of fund balance to offset increased expenses.

**5 Storm Drainage Management—Dallas Water Utilities.** SDM's budget was increased by \$4,600,000 on September 9, 2020, by ordinance #31621 for fleet and capital contingency. SDM anticipates the use of fund balance to offset increased expenses.

**6** Sustainable Development and Construction. DEV revenues are projected to be \$4,201,000 under budget due to the onset of COVID-19. DEV is currently projecting a 20 percent across-the-board reduction in revenue due to diminished permit activity. DEV anticipates the use of fund balance to offset lost revenues.

**7 Water Utilities.** DWU revenues are projected to be \$25,834,000 under budget primarily due to decreased water consumption associated with COVID-19. FY 2019-20's budget assumed 141 billion gallons of water usage, and the current estimate is 138 billion gallons. DWU expenses are projected to be \$25,829,000 under budget primarily due to salary savings, decreased street rental payments, a decreased capital construction transfer, and the transfer of eligible expenses to the Coronavirus Relief Fund.

**8 Equipment and Fleet Management.** EFM expenses are projected to be \$4,229,000 under budget primarily due to lower fuel costs and salary savings.

### **VARIANCE NOTES**

**9 Office of the Bond Program.** OBP expenses are projected to be \$3,526,000 under budget primarily due to salary (\$2,777,000) and contract savings (\$2,003,000), partially offset by a loss of SDM reimbursements (\$602,000). The centralized OBP charges each capital project budget for project implementation costs. Savings in actual OBP implementation expenses result in fewer charges to the capital project.

**10 911 System Operations.** 911's budget was increased by \$2,163,000 on January 8, 2020, by resolution #20-0130 to accept a matching grant through the Texas Commission on State Emergency Communications to implement a Next Generation 911 system.

**11 Debt Service.** Debt Service expenses are projected to be \$8,134,000 under budget due to the City forgoing a planned bond sale in May 2020.

**12 Employee Health Benefits.** EHB expenses are projected to be \$16,889,000 under budget due to lowerthan-anticipated costs associated with voluntary products, Flexible Spending Accounts (FSAs), pre-65 retiree enrollees, UnitedHealthCare billing credits, and the postponement of elective surgeries. Employees pay 100% of the costs for voluntary benefits and FSAs, so revenues and expenses both decrease if employees do not choose those options. Revenues are projected to be \$9,039,000 under budget primarily due to employee and retiree contributions.

**13 Risk Management.** ORM expenses are projected to be \$3,800,000 under budget primarily due to anticipated claims expenses in FY 2019-20 being delayed to FY 2020-21.

### Financial Forecast Report

## **GENERAL OBLIGATION BONDS**

### 2017 Bond Program

Proposition	Authorized by Voters	Inception-to-Date Appropriations	Inception-to-Date Expenditures	Current Encumbered	Unencumbered
Street and Transportation [A]	\$533,981,000	\$216,173,243	\$61,331,032	\$48,206,267	\$106,635,944
Park and Recreation Facilities [B]	261,807,000	157,308,992	71,323,744	30,025,229	55,960,018
Fair Park [C]	50,000,000	28,820,000	15,353,878	11,312,060	2,154,062
Flood Protection and Storm Drainage [D]	48,750,000	9,422,353	3,036,650	2,943,915	3,441,788
Library Facilities [E]	15,589,000	15,589,000	8,415,057	5,925,801	1,248,142
Cultural and Performing Arts Facilities [F]	14,235,000	13,839,120	2,157,822	10,452,584	1,228,714
Public Safety Facilities [G]	32,081,000	25,576,956	6,248,108	11,346,338	7,982,510
City Facilities [H]	18,157,000	10,016,404	3,208,294	2,214,650	4,593,460
Economic Development [I]	55,400,000	26,321,930	7,389,022	8,744,007	10,188,901
Homeless Assistance Facilities [J]	20,000,000	11,000,000	33,508	5,935	10,960,557
Total	\$1,050,000,000	\$514,067,998	\$178,497,114	\$131,176,787	\$204,394,096

#### 2012 Bond Program

Proposition	Authorized by Voters	Inception-to-Date Appropriations	Inception-to-Date Expenditures	Current Encumbered	Unencumbered
Street and Transportation Improvements [1]	\$260,625,000	\$262,220,488	\$226,912,874	\$21,776,280	\$13,531,334
Flood Protection and Storm Drainage Facilities [2]	326,375,000	326,375,000	149,956,382	147,973,171	28,445,447
Economic Development [3]	55,000,000	55,000,000	33,422,540	6,307,824	15,269,636
Total	\$642,000,000	\$643,595,488	\$410,291,796	\$176,057,275	\$57,246,417

#### 2006 Bond Program

Proposition	Authorized by Voters	Inception-to-Date Appropriations	Inception-to-Date Expenditures	Current Encumbered	Unencumbered
Street and Transportation Improvements [1]	\$390,420,000	\$400,205,553	\$372,779,510	\$27,426,042	\$0
Flood Protection and Storm Drainage Facilities [2]	334,315,000	342,757,166	267,018,595	24,507,604	51,230,967
Park and Recreation Facilities [3]	343,230,000	351,522,660	335,133,051	1,824,115	14,565,494
Library Facilities [4]	46,200,000	47,693,804	44,735,747	2,371,051	587,005
Cultural Arts Facilities [5]	60,855,000	63,331,770	58,527,825	3,774,923	1,029,023
City Hall, City Service and Maintenance Facilities [6]	34,750,000	35,360,236	24,589,391	1,927,206	8,843,638
Land Acquisition Under Land Bank Program [7]	1,500,000	1,500,000	1,452,418	0	47,582
Economic Development [8]	41,495,000	43,660,053	41,782,678	1,230,096	647,280
Farmers Market Improvements [9]	6,635,000	6,933,754	6,584,013	3,208	346,532
Land Acquisition in the Cadillac Heights Area [10]	22,550,000	22,727,451	10,916,274	24,676	11,786,501
Court Facilities [11]	7,945,000	7,948,603	7,617,557	3,166	327,880
Public Safety Facilities and Warning Systems [12]	63,625,000	65,124,222	64,257,696	847,519	19,008
Total	\$1,353,520,000	\$1,388,765,272	\$1,235,394,755	\$63,939,606	\$89,430,911

Note: The tables above reflect expenditures and encumbrances recorded in the City's financial system of record. They do not include commitments that have not yet been recorded in the system, such as amounts recently approved by City Council.

# **DALLAS 365**

The Dallas 365 initiative aligns 35 key performance measures to our six strategic priorities. The department responsible for each measure is noted at the end of the measure's description, and last year's performance is included if available. If FY 2018-19 data is not available, N/A is listed.

Year-to-date (YTD) and year-end (YE) targets are presented for each measure. YTD targets may vary based on seasonality of the work. Each month, we compare 1) the YTD target with the actual performance for the current reporting period and 2) the YE target with the department's forecast performance as of September 30, 2020.

Measures are designated "on target" (green) if actual YTD performance is equal to or greater than the YTD target. If actual YTD performance is not

Year-to-Date12230n TargetNot on TargetYear-End Forecast12230n TargetNot on Target

equal to the YTD target, the measure is designated as "not on target" (red). The same methodology applies to YE forecasts. Variance notes are provided for each measure not on target.

#	Measure	FY 2018-19 Actual	YTD Target	YTD Actual	YE Target	YE Forecast
	Public Safety					
1	Percentage of responses to structure fires within 5 minutes and 20 seconds of dispatch (Fire-Rescue)	84.26%	90%	85.16%	90%	85%
2	Percentage of EMS responses within nine minutes (Fire-Rescue)	91.7%	90%	88.97%	90%	89%
3	Percentage of responses to Priority 1 calls within eight minutes (Police)	52.07%	55%	52.24%	55%	54%
4	Percentage of 911 calls answered within 10 seconds (Police)	93.22%	91%	85.38%	91%	88%
5	Homicide clearance rate (Police)	84.68%	60%	76.1%	60%	65%
6*	Crimes against persons (per 100,000 residents) (Police)	1,920.5	1,640	1,656.1	1,999	2,067
	Mobility Solutions, Infrastructure, & Sustainability					
7	Percentage of 2017 bond appropriation awarded (\$514M appropriated ITD) (Bond Program)	70%	75%	87%	90%	90%
8*	Average response time to emergency sewer calls (in minutes) (Water Utilities)	59.58	60	58.64	60	58
9	Percentage of planned small diameter water and wastewater pipeline system repaired or replaced (72 out of 8,000 miles) (Water Utilities)	100%	73.9%	67.87%	100%	90%
10	Percentage compliance with state and federal standards and regulations for drinking water (Water Utilities)	100%	100%	100%	100%	100%
11	Percentage of planned lane miles improved (710 out of 11,800 miles) (Public Works)	82%	73%	74.6%	100%	100%
12	Percentage of potholes repaired within three days (Public Works)	N/A	98%	95.15%	98%	96%
13*	Missed refuse and recycling collections per 10,000 collection points/service opportunities (Sanitation Services)	13.76	11.5	14.29	11.5	13.7
14	Percentage of signal malfunction responses within 120 minutes (Transportation)	N/A	95%	91.48%	95%	91%

\* For most measures, high values indicate positive performance, but for these measures, the reverse is true.

# **DALLAS 365**

#	Measure	FY 2018-19 Actual	YTD Target	YTD Actual	Year-End Target	Year-End Forecast
	Economic & Neighborhood Vitality					
15	Number of jobs created or retained through written commitment (Economic Development)	6,001	4,167	693	5,000	4,136
16	Number of Dallas Homebuyer Assistance Program (DHAP) loans provided (Housing)	21	38	10	45	10
17	Total number of new housing units occupied (Housing)	N/A	192	98	230	120
18	Percentage of single-family permits reviewed in three days (Sustainable Development)	86.58%	85%	92.60%	85%	85%
19	Percentage of inspections performed same day as requested (Sustainable Development)	96.37%	98%	96.70%	98%	97%
	Human & Social Needs					
20	Percentage of HIV/AIDS households with housing stability (Community Care)	89.91%	95%	99.6%	95%	99%
21	Percentage of 20 repeat homeless encampment sites reclaimed/repurposed (Homeless Solutions)	N/A	80%	60%	100%	60%
22	Percentage of unduplicated persons placed in permanent housing who remain housed after six months (Homeless Solutions)	92.16%	85%	75.28%	85%	76%
	Quality of Life					
23	Number of single-family rental properties inspected (initial inspections and reinspections) (Code Compliance)	9,044	5,750	4,082	7,000	4,582
24	Percentage of litter and high weed service requests closed within SLA (Code Compliance)	N/A	96%	54.40%	96%	65%
25	Live release rate for dogs and cats (Animal Services)	86.4%	90%	90.70%	90%	90%
26	Percentage decrease in loose dog bites year-over-year (from 558 to 530) (Animal Services)	10%	5%	-1.24%	5%	-3%
27	Percentage increase in annual visits in person, online, and for programs (from 11.54M to 11.71M) (Library)	23.4%	1.5%	-22.26%	1.5%	-24.7%
28	Percentage of GED students who successfully pass the exam and earn their certificate (Library)	55.8%	42%	42.72%	42%	42.72%
29	Percentage of cultural services contracts awarded to artists or small arts organizations (budgets less than \$100,000) (Cultural Affairs)	59.7%	55%	52.7%	55%	52.7%
30	Percentage of residents within $\frac{1}{2}$ mile of a park (Park and Recreation)	69%	70%	71%	70%	71%
31	Participation rate at late-night Teen Recreation (TRec) sites (28,590 annual participants) (Park and Recreation)	N/A	83.3%	6.8%	100%	6.8%
	Government Performance & Financial Management					
32	Percentage of 311 calls answered within 90 seconds (311)	57.98%	70%	38.96%	70%	40%
33	Percentage of invoices paid within 30 days (City Controller)	98.54%	96%	86.73%	96%	82.50%
34	Percentage of vehicles receiving preventive maintenance on schedule (Equipment and Fleet Management)	N/A	68%	75%	68%	74%
35	Percentage of dollars spent with local M/WBE businesses (Business Diversity)	91.09%	50%	76%	50%	70%

#### **VARIANCE NOTES**

**#1.** Four fire stations are still closed for various reasons, displacing the responding apparatus and continuing to negatively impact overall response times. DFR is working to add temporary stations in two of the impacted fire response districts to mitigate delays in the short term. DFR will also continue monitoring response times of displaced apparatus to maximize impact and minimize delays.

**#2.** DFR has modified the EMS response model in response to COVID-19, reducing the number of apparatus sent on certain types of calls to prevent member exposure. DFR has also modified procedures for cleaning and disinfecting apparatus. These changes have put rescues out of service longer and affected overall response times. DFR will continue to modify procedures as needed to ensure the health and safety of residents and staff, while meeting or exceeding NFPA standards.

**#3.** DPD will work to improve this measure by implementing KPMG's staffing optimization models at all seven patrol stations. DPD's largest division (Northeast) is set to begin its staffing optimization schedule on September 16.

**#4.** Turnover in 911 call taker positions has resulted in vacancies. Multiple candidates are in the hiring process, and DPD anticipates a return to full staffing. DPD is actively promoting the use of the Dallas Online Reporting System for lower-priority calls, which will positively impact response times in the coming months.

**#6.** DPD is working diligently to reduce the increase in assaults by continuing initiatives outlined in the 2020 crime plan and through the efforts of the violent crime task force.

**#9.** Replacements and rehabilitation were below target in July 2020 because of less development and fewer outside agency projects than forecast. YTD performance is also slightly lower than forecast because DWU contract awards were postponed until August and September based on financial considerations related to COVID-19. DWU continues to anticipate a slowdown in development-generated utility work and productivity constraints for procurements due to COVID-19, as reflected in its lower year-end forecast.

**#12.** Pothole repairs have been lower than expected due to 1) the October 2019 tornado, which resulted in downed trees and power lines and hampered repair activity between October and December, and 2) alternate work schedules and limited staff as a result of COVID-19. Performance increased to 98.2% in July, but this was not sufficient to bring the YTD or YE average up to target.

**#13.** SAN has staggered start times for collection routes because of COVID-19, which impacts daily completion times and, subsequently, missed service calls. SAN has increased its year-end forecast to 13.7 as a result.

**#14.** TRN continues to focus on maximizing work shifts of available drivers to improve signal response times.

**#15.** Although the current target is 4,167, actual YTD performance is dependent on demand from external sources (developers/investors) seeking incentives for investment in the creation/retention of jobs, which has been adversely impacted by COVID-19. ECO anticipates a year-end total of 4,136 jobs based on agenda items scheduled for City Council consideration in August and September.

**#16.** HOU has received fewer applications than anticipated and fewer prequalified participants are moving forward with home purchases. HOU is currently seeking approval from the City Council for program changes to increase participation.

**#17.** Although completion of an apartment complex has been delayed, reducing the total number of units occupied, single-family development is on track with projections. HOU anticipates 120 homes will be sold by year-end.

**#19.** Performance has been impacted by system reporting issues such as after-hours and duplicate service requests (inspection reminders reported as inspections). DEV continues to improve its process to accurately report data and anticipates improvement in August.

**#21.** Encampment resolutions halted in March in accordance with CDC guidance on operations related to COVID-19. Resolutions resumed July 13 with an emphasis on repetitive cleaning and outreach efforts.

#### **VARIANCE NOTES**

**#22.** COVID-19 has directly impacted case management to maintain housing and available resources for client placement. OHS has increased efforts toward a rapid rehousing program and continues to partner with MDHA in identifying resources to help clients stay in permanent housing.

**#23.** Single-family rental property inspections have been impacted by COVID-19 Amended Emergency Regulation (AER) inspection efforts. Code Officer schedules are dedicated to COVID-19 education, responding to 311 service requests, and multifamily rental inspections.

**#24.** Code Compliance is taking a 50/50 approach to AER issues and business-as-usual Code concerns to assist with COVID-19 efforts. Neighborhood Code Services is monitoring, enforcing, and educating residents and businesses about the AERs and addressing code cases (including high weed and litter requests) based on severity, as determined by staff. The Service First team is assisting with cases through the courtesy notice process.

**#26.** DAS has implemented various measures that reduced loose and loose owned dog bites for several periods, but not consistently throughout the year. As a result, DAS is forecasting a 3% increase in bites year-over-year. However, the increase in bites is disproportionately related to loose owned dogs (rather than loose stray dogs), reinforcing the importance of DAS' continued enforcement of the City's dangerous and aggressive dog ordinances.

**#27.** COVID-19 closures at Library facilities and suspension of programming have impacted in-person library visits; however, online visits and programming continue to increase.

**#29.** More than 30 ArtsActivate project contracts were in process in March, but postponed because of COVID-19 and related budget constraints. These contracts are heavily weighted toward smaller organizations and artists, and OAC successfully completed two rounds of awards this fiscal year. If not for COVID-19, OAC would have exceeded its goal, ending the year at 56.4%.

**#31.** Due to COVID-19 closures at recreation facilities, the TRec program has been suspended until all recreation activities resume. The year-end forecast has been reduced to reflect this suspension and the impact of recreation programs operating at limited capacity moving forward.

**#32.** Major factors contributing to low performance include, but are not limited to: (1) an unusually high number of agents out due to COVID-19 testing or illness, (2) difficulty filling vacancies, complicated by social distancing requirements, and (3) an increase in incoming call volume, due in part to COVID-19, bulk trash changes, and DWU's resumption of its utility cutoff process). To shorten wait times, 311 has implemented standard "all hands" procedures, which require managers and quality assurance agents to assist with calls during peak volumes. 311 is working with HR to fill vacancies as quickly as possible, and technology improvements to improve the customer experience should be complete in 10-12 weeks.

**#33.** Because of COVID-19, Accounts Payable (AP) transitioned from manual to electronic invoice processing, which required significant training and lead time for vendors, departments, and AP staff, resulting in processing delays. The new electronic system has also given CCO more insight into previously unpaid past due invoices, creating additional backlog. CCO continues to redeploy resources to assist with data entry and processing.

# **BUDGET INITIATIVE TRACKER**

The Budget Initiative Tracker reports on 40 activities included in the FY 2019-20 budget. For each initiative included in this report, you will find the initiative number, title, description, status, and measure. At the end of each description, the responsible department is listed. Each month, the responsible department provides a current status for the initiative and indicates whether the initiative is "complete" (blue circle), "on target" for completion by the end of the fiscal year (green check mark), "at risk" of not being completed by the end of the fiscal year (yellow exclamation mark), or "canceled" (red x).

We have also selected a relevant performance measure for each initiative to indicate whether the initiative is achieving its intended outcome. Once an initiative is marked complete and data becomes available, we will begin reporting the year-end target for the measure, as well as the year-to-date actual.



## In the Spotlight

## **Data Academy Graduates**

• Training and Capstone Projects Complete

	Name	
Whitney Hanson	Heather Murphy	Catherine Lee
Timothy Brown	Lorenzo Villa	Shaji Joseph
Maryam Daneshparvar	Bashu Bhatta	Alex Reyes
Susan Seitz	Khurram Qadri	Don Spear
Takele Dinka	Daryl Scott	Karen Holloway
Cosmin Spiridon	Javier Ramon	Isabel Huerta
Maria Durcanska	Hari Madeti	Audrey Mutai
Kimberly Mackey	Madeline Bruner	Heather Lepeska

On August 28th, the Office of Innovation hosted its first Data Academy graduation. Participants completed several months of instruction and project work, covering spreadsheet software, queries, data visualization, coding, and more. The aim is for participants to bring back their new data skills to their departments, where they can help foster a data-driven approach to service.

# Budget Initiative Tracker **PUBLIC SAFETY**

#### **1** Police and Fire Uniform Staffing

<u>INITIATIVE</u> Recruit and retain police officers and firefighters through a new pay structure outlined in the 2019 Meet and Confer agreement. (Police and Fire-Rescue)

<u>STATUS</u> Recruiting has exceeded goals, and DPD is on track to end the year with 3,150 officers instead of 3,053 as budgeted.

DFR has hired 65 firefighters, and attrition is 52. DFR expects to end the year with 1,969 firefighters.

MEASURE Turnover rate of tenured public safety employees

#### 2 Police and Fire Uniform Pension

<u>INITIATIVE</u> Secure the future of our first responders by contributing \$162 million to the Dallas Police and Fire Pension System, \$5.2 million more than last year. (Police and Fire-Rescue)

<u>STATUS</u> City pension contributions are being made in compliance with HB 3158 approved by the state legislature in 2017.

MEASURE Percentage of on-time contributions





<u>INITIATIVE</u> Establish a team of civilian crime intelligence analysts who will analyze imaging and data in real time to proactively implement crime-fighting strategies (Police)

<u>STATUS</u> DPD is interviewing analyst candidates, and they will be onboarded by the end of the fiscal year.

MEASURE Percent increase in collection of RTCC footage as evidence

#### 4 Body-Worn Cameras

<u>INITIATIVE</u> Enhance safety for officers and residents and encourage positive community interactions by purchasing additional body-worn cameras for police officers, the Marshal's Office and Dallas Animal Services officers. (Police)

<u>STATUS</u> ITS and the City Attorney's Office finalized the contracts for body-worn cameras in mid-June, and ITS and DPD will begin implementation.

<u>MEASURE</u> Percentage of Internal Affairs complaints where police officer is cleared by body-worn camera footage

#### 5 Firefighter Safety

**INITIATIVE** Protect our firefighters by purchasing a second set of personal protective equipment (PPE) and a complete replacement of self-contained breathing apparatus (SCBA) to allow for cleaning equipment between fires. This is a two-year initiative begun in FY 2018-19. (Fire-Rescue)

<u>STATUS</u> Half the PPE sets have been delivered, and the remaining sets are scheduled to arrive throughout September. The City Council will consider the SCBA contract on August 26.

<u>MEASURE</u> Percentage of firefighters who receive second set of PPE and replacement SCBA







<u>INITIATIVE</u> Strengthen relationships between the community and Dallas Police Department through the Office of Community Police Oversight. (Police)

<u>STATUS</u> The OCPO has received 485 complaints as of July 31 and provided an overview of these complaints to the Community Police Oversight Board (CPOB). OCPO is developing job descriptions to better align its staff with the goals of community police oversight, identifying candidates to train board members on relevant topics, and developing a complaint database and outreach materials.

MEASURE Number of complaints investigated

# MOBILITY SOLUTIONS, INFRASTRUCTURE, & SUSTAINABILITY

#### 7 Energy Management

**INITIATIVE** Implement an energy management system to ensure the City continually and intentionally assesses energy use and opportunities for energy reduction. (Building Services)

<u>STATUS</u> The Energy Program Manager is developing a framework and performance measures for the energy management system, as well as actively participating in the technical assessment of potential mechanical system retrofits in response to COVID-19.

MEASURE Percent decrease in energy usage

#### 8 City Facility Major Maintenance



<u>INITIATIVE</u> Ensure City facilities stay safe and functional through major maintenance of roofs, HVAC, and other building systems. (Building Services)

STATUS BSD has initiated \$7.24 million in projects, including asphalt and concrete improvements at the MLK, Jr. Community Center, foundation and wall repairs at the Janie C. Turner Recreation Center, a roof replacement at the Northwest Patrol substation, and roof and building repairs at the Southwest Patrol substation.

MEASURE Percentage of funds deployed

#### 9 2017 Bond Program

<u>INITIATIVE</u> Add five Senior Engineers to implement Public Works projects within the 2017 Bond Program in five years. (Office of the Bond Program)

STATUS OBP has filled all five Senior Engineer positions.

MEASURE Percentage of bond appropriation awarded

#### 10 Bridge Maintenance



igodol

<u>INITIATIVE</u> Dedicate funding to establish a bridge maintenance and repair program for the more than 600 City-owned and maintained bridges. (Public Works)

<u>STATUS</u> PBW has expended 77% of the \$1 million in the bridge fund for FY 2019-20. The department anticipates submitting the bridge management contract for City Council approval on September 23, expending the remaining funds.

MEASURE Percentage of funds approved by City Council

#### **11** Street Conditions



<u>INITIATIVE</u> Improve the pavement condition of 710 lane miles of streets and alleys. (Public Works)

<u>STATUS</u> PBW has completed about 530 lane miles to date between bond projects and General Fund maintenance and is on track for completion by the end of the year.

MEASURE Percentage of planned lane miles improved

#### **12** Traffic Signals

<u>INITIATIVE</u> Promotesafety and enhance trafficflow by replacing broken vehicle detectors at 40 critical intersections and retiming 250 traffic signals. This is a two-year initiative begun in FY 2018-19. (Transportation)

<u>STATUS</u> The Traffic Signal team has filled one Engineer Assistant position and training is underway. Installation will ramp up as TRN fills open positions and trains new employees. 32 equipment installations remain.

<u>MEASURE</u> Percent decrease in service requests for signal repairs





<u>INITIATIVE</u> Conserve resources and maintain infrastructure through installation and rehabilitation of about 80 miles of water and wastewater mains. (Water Utilities)

<u>STATUS</u> As of July 31, DWU has replaced or rehabilitated 28.59 miles of water main and 21.24 miles of wastewater main.

MEASURE Percent decrease in breaks

#### **14** Neighborhood Drainage

<u>INITIATIVE</u> Prevent flooding in local streets through the neighborhood drainage program, focusing on erosion control and channel repairs. (Water Utilities)

STATUS Through July, DWU conducted debris removal maintenance at 234 locations (including 58 channels), resulting in the removal of approximately 13,776 cubic yards of debris. DWU has also completed 2,955 service requests addressing a variety of issues, including culvert/pipe blockages, concrete repairs, storm drainage pipe inspections, and responses to water pollution.

MEASURE Percent decrease in flood-related service requests

# Budget Initiative Tracker ECONOMIC & NEIGHBORHOOD VITALITY

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#### **15** Affordable Housing

**INITIATIVE** Further affordable housing throughout the city as prescribed in the Comprehensive Housing Policy through the 2020 Notice of Funds Available (NOFA). (Housing and Neighborhood Revitalization)

<u>STATUS</u> HOU posted a standing NOFA in August. The NOFA is an open application, and funds will be awarded as available. If funds are not available, HOU will work with developers to obligate future funds when possible.

MEASURE Percent increase in affordable housing units available

#### 16 B.U.I.L.D. Initiative

<u>INITIATIVE</u> Broaden investment in minority- and womenowned businesses based in Dallas through capacity-building resources and training. (Office of Business Diversity)

<u>STATUS</u> The B.U.I.L.D. website is live at dallasbuilds.org with resources for entrepreneurs to grow their startup, small business, or nonprofit venture. More than 400 business support organizations (BSOs) have been added to the website, and more than 150 have verified their accounts. OBD will begin business outreach next month.

MEASURE Percentage of M/WBE spend

#### **17** Small Business Development

**INITIATIVE** Stimulate small businesses and startups in highopportunity areas through training and other workforce development services. (Office of Economic Development)

<u>STATUS</u> ECO and OBD have awarded 64 grants and seven loans, for a total of more than \$750,000 to support small businesses in high-opportunity areas.

<u>MEASURE</u> Percent increase in small businesses in designated high-opportunity areas

#### **18** Tax-Increment Financing

<u>INITIATIVE</u> Spur development in 19 TIF districts throughout the city by reinvesting property tax revenue. (Office of Economic Development)

<u>STATUS</u> ECO is fostering reinvestment in the City's 19 TIF districts with impactful projects that positively impact Dallas' economic and fiscal health.

MEASURE Percent increase in taxable value in TIF districts

#### **19** Comprehensive Plan

**INITIATIVE** Update the City's Comprehensive Plan to incorporate more recent policy initiatives and encourage strategic land development while promoting equity, sustainability, and neighborhood revitalization. (Planning and Urban Design)

<u>STATUS</u> Staff briefed the ECO Committee on the comprehensive land use plan and a concurrent area planning program on September 8. The City Plan Commission (CPC) is considering establishment of a new standing committee to oversee the update on September 17. A consultant contract to update the comprehensive plan is scheduled for City Council consideration on September 23.

MEASURE Percentage of project milestones completed

# Budget Initiative Tracker HUMAN & SOCIAL NEEDS

#### 20 Overcoming Barriers to Work



<u>INITIATIVE</u> Partner with nonprofit and community partners to fund services that provide job training and career development to participants who face hurdles to employment, such as lack of transportation or child care. (Office of Community Care)

<u>STATUS</u> As of July 31, 80% of Bryan's House clients remain employed through the Overcoming Barriers to Work program. International Rescue Committee will report results in August.

<u>MEASURE</u> Percentage of clients who remain employed after six months

#### 21 Equity



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<u>INITIATIVE</u> Advance equity and inclusion in City government and across Dallas by understanding historical and deeply ingrained policies and practices and engaging the community to address present-day challenges. (Office of Equity)

<u>STATUS</u> The Office of Equity partnered with Dallas Truth, Racial Healing and Transformation (TRHT) to host a three-part series of virtual community conversations in June and July on racial equity, justice, and resilience with a diverse panel of community and City leaders.

MEASURE Number of community events or collaborative community projects conducted

#### 22 Inclement Weather Shelters

**INITIATIVE** Ensure unsheltered individuals and families remain safe during periods of extreme heat or cold and provide resources for more permanent housing by funding temporary inclement weather shelters. (Office of Homeless Solutions)

<u>STATUS</u> No additional inclement weather shelters have been needed since the February 4-5 operation at the J. Erik Jonsson Central Library. Councilmember Mendelsohn moved to hold the Chapter 45 and Chapter 51A agenda items under advisement until September 23.

MEASURE Percent decrease in weather-related injuries

#### 23 Pay-to-Stay Shelters

**INITIATIVE** Increase emergency shelter capacity and connect unsheltered individuals to shelter, support services, and ultimately positive housing destinations through the 90-day pay-to-stay program. (Office of Homeless Solutions)

STATUS OHS has disbursed 75% of funds budgeted for FY 2019-20 to The Bridge and is on target to spend all funds by the end of FY 2019-20 to provide beds for those experiencing homelessness.

MEASURE Percent increase in emergency shelter beds available

#### 24 Neighborhood Grant Reclamation Program

**INITIATIVE** Provide a vehicle for communities to revitalize former homeless encampments and transform them into community assets through the Neighborhood Grant Reclamation Program. (Office of Homeless Solutions)

STATUS OHS presented the NGRP to the Citizen Homeless Commission on March 12, with plans to submit to City Council for approval. However, on March 13, all work related to this program was suspended due to COVID-19. When normal operations resume, this program will be re-evaluated for further action.

MEASURE Percentage of NGRP projects completed

#### 25 Community Clean!



STATUS Because of COVID-19 restrictions, the Community Clean team has been unable to start new projects since early March. However, staff have revisited census tracts previously identified for Community Clean projects. As of July 2, the team has identified more than 1,200 overgrown vacant lots and 64 vacant structures, notified property owners, and referred cases to the Nuisance Abatement team to secure, cut, and/or clean.

<u>MEASURE</u> Percent decrease in illegal dumping and other code violations in target areas

#### 26 Animal Service Response

INITIATIVE Assign two agents to triage and dispatch calls seven days a week to improve response time. (Dallas Animal Services)

<u>STATUS</u> DAS now has in-house dispatch from 7 a.m. to midnight, seven days a week. As of June 30, DAS responded to 96.5% of residents' service requests within the established response time (compared to the target of 87%).

<u>MEASURE</u> Percentage of responses to DAS service requests within specified response time (varies by priority level)

### 27 Loose Dogs

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<u>INITIATIVE</u> Augment overnight animal response by scheduling officers to be on duty seven nights a week instead of four with a focus on loose dog and bite hot spots. (Dallas Animal Services)

<u>STATUS</u> The Field Services team transitioned to 24/7 operations on December 4, and the night shift was fully staffed and trained as of March 31. As of June 30, DAS has increased calls closed during overnight hours on weekends by 55%.

MEASURE Percent decrease in loose dog calls

#### 28 Internet Access

<u>INITIATIVE</u> Expand Internet access to more residents by making 900 mobile hot spots available for checkout at high-opportunity libraries. (Library)

<u>STATUS</u> LIB made 900 mobile hot spots available at 10 branch library locations beginning in March. Checked out hot spots remain with customers due to COVID-19.

MEASURE Monthly checkout rate

#### 29 Juanita J. Craft Civil Rights House

<u>INITIATIVE</u> Preserve civil rights history by restoring the Juanita J. Craft Civil Rights House. (Office of Arts and Culture)

STATUS Contract negotiations are underway with the selected restoration firm. Staff anticipate restoration will be completed by 2022. OAC has secured \$750,000 for the restoration, including \$250,000 from the City, and additional fundraising is ongoing. OAC is supporting development of a Friends group, which is obtaining 501(c)(3) status and will partner with the City in ongoing fundraising and support.

MEASURE Percentage of project milestones completed

#### **30** Pop-Up Cultural Centers

<u>INITIATIVE</u> Create pop-up cultural centers to bring cultural activities to areas of the city without easy access to arts programming. (Office of Arts and Culture)

<u>STATUS</u> Prior to COVID-19 restrictions, OAC hired a new manager and completed pilot events in seven City Council districts. With the restrictions, pop-up programming has pivoted to take-home art kits for families in partnership with OCC and LIB, music and art activities for seniors in partnership with PKR as part of the drive-thru Popsicle in the Park program, and virtual summer programs for students and families.

MEASURE Percent increase in cultural programming attendance

#### **31** Environmental Action Plan

<u>INITIATIVE</u> Mitigate the impacts of climate change on public health, City infrastructure, the economy, and the environment through development and implementation of the Comprehensive Environmental and Climate Action Plan (CECAP). This is a two-year initiative begun in FY 2018-19. (Office of Environmental Quality and Sustainability)

<u>STATUS</u> Staff are working with the ENV Committee chair and the City Manager to convene a Stakeholder Advisory Committee to advise on CECAP implementation. They are also developing a draft work plan for the remainder of FY 2019-20 and FY 2020-21.

MEASURE Percentage of project milestones completed

#### 32 Park Rangers

<u>INITIATIVE</u> Increase the safety of park patrons through the addition of four new Park Rangers. (Park and Recreation)

<u>STATUS</u> PKR anticipates beginning virtual interviews in August and selecting candidates by September.

<u>MEASURE</u> Percent decrease in park-related incidents/calls to DPD

#### 33 Youth Recreation

<u>INITIATIVE</u> Expand opportunities for youth by providing recreational programming to residents aged 5-17 through the Out of School Time (OST) program. (Park & Recreation)

<u>STATUS</u> Due to continued COVID-19 closures at recreation facilities, the OST program remains suspended.

MEASURE Percent increase in youth served

#### 34 Teen Recreation

**INITIATIVE** Boost recreational programming for teenage residents (ages 13-17) with a focus on arts and culture, community service, health and wellness, leadership and life skills, and technology. (Park and Recreation)

<u>STATUS</u> Due to continued COVID-19 closures at recreation facilities, the TRec program remains suspended.

MEASURE Participation rate at late-night TRec sites

# **GOVERNMENT PERFORMANCE & FINANCIAL MANAGEMENT**

#### **35** Contract Management

**INITIATIVE** Centralize monitoring of vendor performance to ensure contracts are completed on time, within budget, and fulfill the terms of the agreement. (City Controller's Office, Office of Procurement Services)

STATUS The Contract Management team is completing implementation of the enterprise contract management system in Bonfire. The team has also trained more than 270 staff in D-COR Level 1 and is now providing Level 2 training.

**MEASURE** Percent decrease in audit findings

#### (36) Fleet Management

INITIATIVE Drive operational efficiency, reduce overall costs, and improve delivery of City services through timely replacement of fleet vehicles. (Equipment and Fleet Management)

STATUS EFM has ordered 310 units for 16 departments this fiscal year. Staff are also meeting with smaller General Fund departments to improve the health of the City's smaller fleets.

MEASURE Percent decrease in fleet that exceeds useful life

#### 37 IT Governance

INITIATIVE To balance the needs of the organization and ensure security and stability in the City's technology investments, route all technology proposals and funding through the IT Governance Board for review, prioritization, and scheduling. (Information and Technology Services)

STATUS The IT Governance Board approved eight technology requests at its July 23 meeting.

MEASURE Percentage of IT projects completed on time

#### **38** Property Tax Relief

INITIATIVE Provide tax relief to residents over 65 or with a disability by increasing the property tax exemption to \$100,000 from \$90,000. (Office of Budget)

STATUS City Council approved an increase in the property tax exemption on June 12, 2019, beginning with the 2019 tax year. Dallas County Tax Office distributed property tax bills and will collect revenue on behalf of the City.

MEASURE Percent increase in total value of exemption

#### **39** Ethics Training

INITIATIVE Foster an ethical organizational culture by continuing biennial ethics training and expanding the Values Ambassador program. (Office of Ethics and Compliance)

STATUS The Office of Ethics and Compliance is awaiting final contract approval from the City Attorney's Office for Skillsoft to provide biennial ethics training content. Training will be conducted through the end of October and include the code of ethics, ethical dilemmas, how to report, and other topics.

The Values Ambassador program is suspended due to COVID-19, but the office continues to develop plans for expansion once normal activities resume.

**MEASURE** Percentage of employees trained

#### 40 Data-Based Decision Making

INITIATIVE Cultivate the use of data analytics and evidencebased decision making throughout the City under the leadership of the Office of Innovation. (Office of Innovation)

STATUS On August 28, the City hosted its first Data Academy graduation. Employees in this cohort completed formal training in spreadsheet software, queries, data visualization, and coding. To complete the training, participants were required to complete a capstone project, which they presented to the City Manager, other City leadership, and data industry experts.

MEASURE Number of training hours provided



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# Budget Initiative Tracker FY 2018-19 INITIATIVES

While most initiatives can be completed in a single fiscal year, several FY 2018-19 initiatives required additional time because of the scope and term of the project. We will continue to report the status of these 12 initiatives below, using the initiative numbers from the FY 2018-19 report for reference.



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#### **Public Safety**

#### 5 Security of City Facilities

<u>INITIATIVE</u> Consolidating security for City facilities into Court and Detention Services and conducting a comprehensive risk assessment to identify future security needs for City facilities and programs. (Court and Detention Services)

<u>STATUS</u> The security assessment of City facilities and the dashboard are complete, as well as training on how to use the dashboard. The remaining items—developing a Citywide security standard and a security awareness program for staff, along with final presentations—will be complete by September.

#### 7 P-25 Radio System

<u>INITIATIVE</u> Expanding radio coverage area, improving system reliability, lowering operating costs, and improving interoperability across City departments and with other public safety agencies through implementation of the new P-25 radio system. (Information and Technology Services)

STATUS The project is on track to go live in October 2022 (originally December 2020). Of the 32 planned sites, 18 are near completion, seven are in progress, and seven are awaiting ILA approval. Three of these are a collaboration with the GMRS Radio Consortium to expand coverage in eastern Dallas County while reducing construction costs.

#### 9 911 Operations Center

<u>INITIATIVE</u> Furthering the City's investment in the 911 emergency system with additional technology and expanded backup capacity. (Information and Technology Services)

STATUS COVID-19 restrictions delayed electrical work and installation of network cabling. However, the backup location is operational and in use by DPD, DFR, and 911. EBS and the ITS Network team are completing the remaining work now so the final call-taking stations can be installed and configured, completing the project.

## Mobility Solutions, Infrastructure, & Sustainability

13 Bike Lanes

<u>INITIATIVE</u> Expanding bike lanes and improving mobility by increasing the current \$500,000 budget by \$500,000 per year for each of the next three years to achieve a \$2 million per year investment starting in FY 2020-21. (Transportation)

STATUS The Highland Road project is in progress.

#### Economic & Neighborhood Vitality

23 Historic Resource Survey

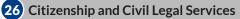
<u>INITIATIVE</u> Devoting \$100,000 to conduct a historic resource survey with private partners. (Sustainable Development and Construction)

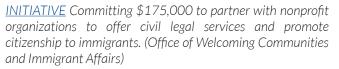
<u>STATUS</u> Staff issued the final contract for the survey and acceptance of the grants from Preservation Dallas on June 18. The Office of Historic Preservation will work with the consultant (HHM) to determine the start date for the survey and issue the Notice to Proceed.

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# Budget Initiative Tracker FY 2018-19 INITIATIVES

#### Human & Social Needs





<u>STATUS</u> Grantees have continued delivering services to low-income immigrants, notwithstanding the many barriers created by working remotely. Through innovative approaches to work, all grantees are on track to reach their stated goals.

## Government Performance & Financial Management

#### **39** Census 2020

<u>INITIATIVE</u> Encouraging participation in Census 2020, including \$75,000 for the Mayor's Complete Count Committee. (Office of Strategic Partnerships and Government Affairs)

STATUS The Census coordinator continues to assist departments and the CCC with community outreach to increase participation. Census response rates as of September 4 range from 50.51% to 69.89%. Census staff, Census Bureau Partnership Specialists, and the City's Census vendor are working with volunteers and partners to ensure a greater response rate by the September 30 deadline.

#### 41 ADA Compliance

<u>INITIATIVE</u> Investing \$200,000 to develop an Americans with Disabilities Act (ADA) transition plan that enhances the City's ADA compliance and addresses accessibility issues in City facilities. (Office of Equity and Human Rights)

<u>STATUS</u> About 85% of contracted tasks are near completion, and the City has asked the contractor to add four buildings to the ADA transition plan. The ADA reviews of these additional buildings are scheduled to be complete the last week of August.

#### Quality of Life

#### 32 Library RFID

<u>INITIATIVE</u> Implementing a \$2 million Radio Frequency Identification (RFID) system throughout our library system to improve security and better manage our materials and assets. (Library)

<u>STATUS</u> Tagging is complete at all 28 branch locations, and only two floors remain at the Central Library. LIB, ITS, and the vendor continue to finalize software testing and equipment installation.

#### 42 Availability & Disparity (A&D) Study



<u>INITIATIVE</u> Conducting a minority business study to inform decision makers on how the City can better support small and local businesses. (Office of Business Diversity)

<u>STATUS</u> OBD briefed the City Council on the A&D Study findings and recommendations on August 5. The City Council will consider updates to the Business Inclusion and Development policy on September 23.

#### 43 Compensation Study



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<u>INITIATIVE</u> Complete a comprehensive study of the City's position classification and compensation systems. (Human Resources)

<u>STATUS</u> HR is securing a vendor to develop a job description template using job content, career ladders, job families, and compensable factor language and link job documentation from the PAQs to the City's JDExpert database.

#### 44 Workday HR/Payroll System

<u>INITIATIVE</u> Implementing a new human resource and payroll system and evaluating an additional module for uniformed employee scheduling. (Information and Technology Services)

<u>STATUS</u> Three civilian and three uniform payroll cycles processed successfully in June and July, and the transition to Workday is complete. Employees will be able to access historical information in the City's legacy payroll system, Lawson, in read-only mode. Historical Lawson information will be accessible in a Workday format in Fall 2020.





### Agenda Information Sheet

Item #: 5.

Quarterly Investment Report (information as of June 30, 2020)

### Memorandum



DATE September 14, 2020

Honorable Members of the Government Performance & Financial Management

Committee: Jennifer S. Gates (Chair), Cara Mendelsohn (Vice Chair),
 Carolyn King Arnold, Adam Bazaldua, Lee M. Kleinman, Omar Narvaez, and Casey Thomas, II

#### SUBJECT June 30, 2020 Quarterly Investment Report

The City of Dallas Investment Policy, in accordance with the Texas Public Funds Investment Act, requires that the City Council and City Manager receive quarterly investment reports. The purpose of this report is to provide a means for Council members, Council committee members, and staff to regularly review and monitor the City's investment position, and to demonstrate compliance with the City's Investment Policy and the Public Funds Investment Act. We have included summary reports on each of the City's individual portfolios, as well as summary information on the combined portfolio.

For the quarter ended June 30, 2020, the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

Please let me know if you need additional information.

M. Elifabeth Reich

M. Elizabeth Reich Chief Financial Officer

Attachment

cc: Honorable Mayor and Members of City Council T.C. Broadnax, City Manager Chris Caso, City Attorney Mark Swann, City Auditor Bilierae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizor Tolbert, Chief of Staff to the City Manager Majed A. Al-Ghafry, Assistant City Manager Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services Laila Alequresh, Chief Innovation Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors



**CITY OF DALLAS** 

June 30, 2020

## **QUARTERLY INVESTMENT REPORT**

Quarterly National Economic and Market Update Quarter Ended June 30, 2020

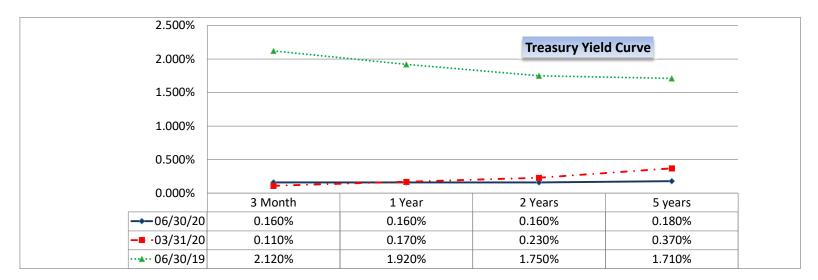
- The coronavirus outbreak was causing tremendous human and economic hardship across the United States and around the world. Following sharp declines, economic activity and employment picked up somewhat in recent months but remained well below their levels at the beginning of the year.

- The ongoing public health crisis would weigh heavily on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term.

- Federal Open Market Committee (FOMC) decided to maintain the target range for the federal funds rate at 0.00% - 0.25%.

#### Source: FOMC July 29, 2020 Statement

National Economic Data	6/30/2019	6/30/2020
Fed Funds Effective Rate Target Range	2.25% - 2.50%	0.00% - 0.25%
2 Years Treasury Note Yield	1.750%	0.160%
10 Years Treasury Note Yield	2.007%	0.660%
Monthly Unemployment Rate	3.70%	11.10%
Weekly Initial Jobless Claims	222,000	1,480,000
Monthly Change in Nonfarm Payrolls	193,000	4,800,000
Monthly New Housing Starts	1,241,000	1,220,000



Source: Bloomberg

#### City of Dallas Portfolio Holdings Combined Investment Summary As of 06/30/2020

Portfolio Description	Face Amount	Book Value	Market Value	Accrued Interest	Market Value + Accrued Interest	*Unrealized Gain/(Loss)	Weighted Average Yield To Maturity
01 The City's Investment Pool	2,461,495,894	2,461,024,962	2,466,543,236	3,333,986	2,469,877,222	5,518,274	0.78%
02 Convention Center Reserve	8,000,000	8,000,000	8,000,000	64,234	8,064,234	-	1.70%
03 Water Reserve	90,000,000	90,000,000	90,000,000	578,183	90,578,183	-	1.35%
04 Arts Endowment	2,235,000	2,235,000	2,235,000	12,702	2,247,702	-	1.60%
05 Ida Green Library Fund	1,000,000	1,000,000	1,000,000	-	1,000,000	-	0.21%
10 DWU Commercial Paper Program	13,960	13,960	13,960	-	13,960	-	0.09%
11 GO Commercial Paper Program	133,524,424	133,524,424	133,524,424	-	133,524,424	-	0.10%

\*Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the unrealized gains and losses due to market changes occurring prior to an investment's maturity are unlikely to be realized.

#### **City of Dallas** Trade Activity by Portfolio As of: 03/31/2020 - 06/30/2020

Portfolio Description	Beginning Face Amount	Beginning Weighted Average Yield To Maturity	Purchased/Deposited	Matured	Ending Face Amount	Ending Weighted Average Yield To Maturity
City's Investment Pool*						
Federal Agricultural Mortgage Corp.	320,000,000	1.69%	115,000,000	125,000,000	310,000,000	1.19%
Federal Farm Credit Bank	145,000,000	1.62%	-	-	145,000,000	1.62%
Federal Home Loan Bank	200,000,000	1.58%	100,000,000	150,000,000	150,000,000	0.68%
Federal National Mortgage Assoc.	240,000,000	0.00%	-	-	240,000,000	1.65%
Total Portfolio	905,000,000	1.65%	215,000,000	275,000,000	845,000,000	1.31%
*Trade activity excludes bank investment holdir	ng account, local governmer	t investment pools and	money market mutual fund	5.		
Convention Center Reserve**						
Federal National Mortgage Assoc.	-	0.00%	-	-	-	0.00%
Total Portfolio	-	0.00%	-	-	-	0.00%
**Trade activity excludes local government inve	estment pools.					
Water Reserve***						
Federal National Mortgage Assoc.	-	0.00%	-	-	-	0.00%
Total Portfolio	-	0.00%	-	-	-	0.00%
***Trade activity excludes local government in	vestment pools.			-		
Arts Endowment						
Federal Home Loan Mortgage Corp.	-	0.00%	-	-	-	0.00%
Total Portfolio	-	0.00%	-	-	-	0.00%
****Trade activity excludes local government in	nvestment pools.					
DWU Commercial Paper Program						
Money Market	13,960	0.21%	-	-	13,960	0.09%
Total Portfolio	13,960	0.21%	-	-	13,960	0.09%
GO Commercial Paper Program						
Money Market	3,524,424	0.33%	130,000,000	_ [	133,524,424	0.10%
Total Portfolio	3,524,424	0.33%	130,000,000	-	133,524,424	0.10%

#### City of Dallas Summary Statement by Portfolio As of: 03/31/2020 - 06/30/2020

Portfolio Description	Beginning Face Amount	Ending Face Amount	Beginning Book Value	Ending Book Value	Beginning Market Value	Ending Market Value	Net Deposits/ (Redemptions)	Change in Market Value	Accrued Interest	Ending Weighted Average Yield To Maturity
City's Investment Pool <sup>1</sup>										
*Public Funds Interest Checking (PFIC) Account	180,906,243	190,073,377	180,906,243	190,073,377	180,906,243	190,073,377	9,167,134	_	1,387,462	0.20%
Local Govt. Investment Pool	1,111,654,144	1,092,422,518	1,111,654,144	1,092,422,518	1,111,654,144	1,092,422,518	(19,231,626)	-	-	0.67%
Money Market	329,000,000	334,000,000	329,000,000	334,000,000	329,000,000	334,000,000	5,000,000	-	-	0.11%
US Agency	665,000,000	605,000,000	664,435,222	604,719,167	668,012,425	606,750,522	(60,000,000)	(1,019,903)	1,581,007	1.17%
US Agency	240,000,000	240,000,000	239,770,334	239,809,901	244,280,480	243,296,820	-	(983,660)	365,517	1.65%
**Total Portfolio	2,526,560,386	2,461,495,894	2,525,765,943	2,461,024,962	2,533,853,291	2,466,543,236	(65,064,492)	(2,003,563)	3,333,986	0.78%
2										
Convention Center Reserve <sup>2</sup>	1 1		I							
Local Govt. Investment Pool	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	-	-	64,234	1.70%
Total Portfolio	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	-	-	64,234	1.70%
Water Reserve <sup>2</sup>										
Local Govt. Investment Pool	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	-	-	578,183	1.35%
Total Portfolio	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	-	-	578,183	1.35%
Arts Endowment <sup>3</sup>										
Local Govt. Investment Pool	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	-	-	12,702	1.60%
Total Portfolio	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	-	-	12,702	1.60%
Ida Green Library Endowment <sup>4</sup>										
Local Govt. Investment Pool	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	_	_	-	0.21%
Total Portfolio	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	0.21%
DWU Commercial Paper <sup>5</sup>										
Money Market	13,960	13,960	13,960	13,960	13,960	13,960		-	-	0.09%
Total Portfolio	13,960	13,960	13,960	13,960	13,960	13,960	-	-	-	0.09%
GO Commercial Paper <sup>5</sup>										
Money Market	3,524,424	133,524,424	3,524,424	133,524,424	3,524,424	133,524,424	130,000,000		-	0.10%
Total Portfolio	3,524,424	133,524,424	3,524,424	133,524,424	3,524,424	133,524,424	130,000,000		-	0.10%
	5,52-1,724	100,024,424	0,024,424	-100,01-,424	5,524,424	100,02-1,424	100,000,000			0.2070

Notes 1-5: See Page 6 for Strategy Statement by Portfolio.

\*Public Funds Interest Checking (PFIC) Account is fully collateralized, interest-bearing account with liquidity equal to that of a money market mutual fund

\*\*Numbers may not sum due to rounding

#### City of Dallas Strategy Statement and Compliance by Portfolio As of: 03/31/2020 - 06/30/2020

#### STRATEGY COMPLIANCE STATEMENT

For the quarter ended June 30, 2020 the portfolios are in compliance with the relevant provisions of the Public Fund Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

#### STRATEGY STATEMENT BY PORTFOLIO

#### 1) City's Investment Pool

The City's Investment Pool is an aggregation of the majority of City funds that includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years.

#### 2) Convention Center Bond Reserve and Water Bond Reserve

Non-pooled reserve funds for outstanding revenue bonds (Convention Center and Water) are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest at final maturity or if called prior to final maturity.

#### 3) Arts Endowment

The Arts Endowment Fund was created by the City from a \$1,285,026 repayment to the General Fund from the Convention Center. Pursuant to Resolution No. 84-311 dated September 26, 1984, this endowment fund was created to provide additional monies for the arts, not to replace the current level of support. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

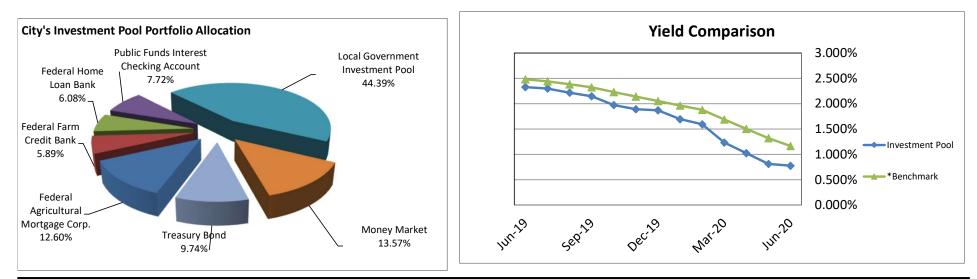
#### 4) Ida Green Library Endowment

The Ida M. Green Endowment Fund was created with the proceeds from the sale of stock from the estate of Ms. Green pursuant to Resolution No. 87-0836. Its purpose is to provide funds for the operating and capital expenses of the library's Texas Center for the Book and Children's Center. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

#### 5) DWU Commercial Paper Program and GO Commercial Paper Program

The City issues tax-exempt commercial paper notes as an interim financing tool for construction of capital projects. The investment of the proceeds from the issuance of commercial paper debt should have a high degree of liquidity in order to fund payments to contractors.

#### City of Dallas City's Investment Pool Portfolio Allocation Investment Summary As of 06/30/2020



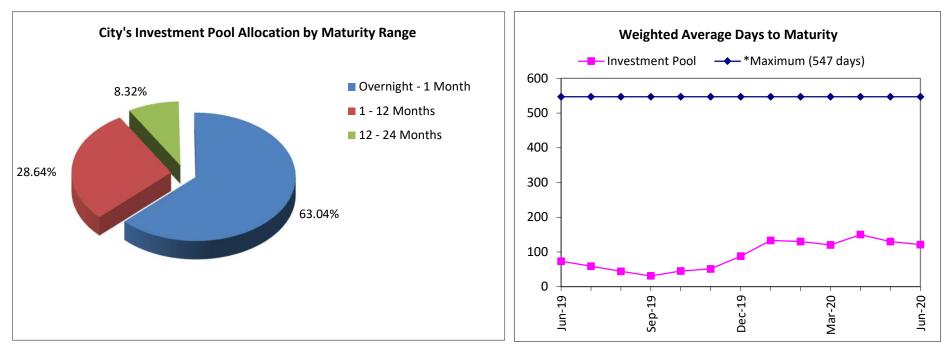
Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Weighted Average Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	310,000,000	310,000,000	310,857,713	857,713	429	1.19%	12.60%
Federal Farm Credit Bank	145,000,000	145,000,000	146,031,364	1,031,364	279	1.62%	5.89%
Federal Home Loan Bank	150,000,000	149,719,167	149,861,445	142,278	198	0.69%	6.08%
Public Funds Interest Checking Account	190,073,377	190,073,377	190,073,377	-	1	0.20%	7.72%
Local Government Investment Pool	1,092,422,518	1,092,422,518	1,092,422,518	-	10	0.67%	44.39%
Money Market	334,000,000	334,000,000	334,000,000	-	1	0.11%	13.57%
Treasury Bond	240,000,000	239,809,901	243,296,820	3,486,919	360	1.65%	9.74%
***Total Portfolio	2,461,495,894	2,461,024,962	2,466,543,236	5,518,274	121	0.78%	100.00%

\*As per Section 17.1 of the City's Investment Policy, the benchmark for the Investment Pool is the 12-month moving average yield on treasury 1-year constant maturities as reported by Federal Reserve Statistical Release H.15.

\*\* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the unrealized gains and losses due to market changes occurring prior to an investment's maturity are unlikely to be realized.

\*\*\* Numbers may not sum due to rounding

#### City of Dallas City's Investment Pool Allocation by Maturity Range As of 06/30/2020



Description	Face Amount/Shares	Book Value	Market Value	Weighted Average Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	1,551,495,894	1,551,495,894	1,551,495,894	0.49%	2	63.04%
1 - 12 Months	705,000,000	704,797,320	709,437,448	1.36%	266	28.64%
12 - 24 Months	205,000,000	204,731,748	205,609,894	0.95%	533	8.32%
**Total Portfolio	2,461,495,894	2,461,024,962	2,466,543,236	0.78%	121	100%

\*As per Section 13.0 of the City's Investment Policy, the dollar-weighted average stated maturity of the Investment Pool shall not e>.

\*\* Numbers may not sum due to rounding

#### City of Dallas Date To Date Broker/Dealer Activity As of: FY 19-20 Year to Date

FY 19-20 Year to Date						
Description	Awarded	%				
Primary Dealers						
Bank of America	\$265,000,000	20.62%				
Jefferies & Co.	50,000,000	3.89%				
RBC Capital Markets, LLC	0	0.00%				
Wells Fargo	0	0.00%				
Secondar	y Dealers					
FTN Financials	30,000,000	2.33%				
Hilltop Securities Inc.	190,000,000	14.79%				
Multi Bank Securities	275,000,000	21.40%				
Piper Jaffray & Co.	190,000,000	14.79%				
Samco Capital Market	115,000,000	8.95%				
SunTrust Robinson Humphrey, Inc.	0	0.00%				
Vining Sparks	120,000,000	9.34%				
Secondary Dealers - M/WBE						
Capital Institutional Services, Inc.	0	0.00%				
Loop Capital	0	0.00%				
Rice Financial	0	0.00%				
Stern Brothers & Co.	50,000,000	3.89%				
Total	\$1,285,000,000	100.00%				

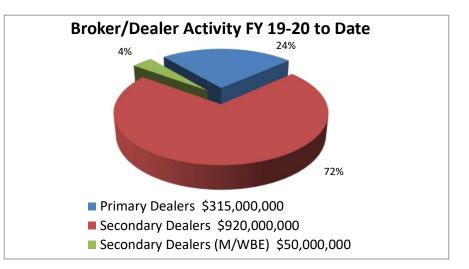
Notes:

Section 9 of the City's investment Policy requires the investment committee to annually review and adopt a list of qualified broker/dealers. These firms represent the broker dealer firms that are currently approved by the

Investment Committee as of March 2020. It is the City's policy to solicit three or more competitive bids/offers each trade except for agency securities

purchased at issue.

Q3 FY 19-20							
Description	Awarded	%					
Bank of America	215,000,000	100.00%					
Total	\$215,000,000	100.00%					



## **CITY OF DALLAS**

## June 30, 2020

## **QUARTERLY INVESTMENT REPORT**

For the guarter ended June 30, 2020 the portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

**Chief Financial Officer:** 

City Controller:

M. Elgabeth Reich Sheri P. Kowalski

Treasury Manager:

### Agenda Information Sheet

File #: 20-1837

Item #: 6.

Agenda Item #52 September 23, 2020 - Contract for External Auditing Services



DATE September 18, 2020

Honorable Members of the Government Performance & Financial Management <sup>TO</sup> Committee: Jennifer S. Gates (Chair), Cara Mendelsohn (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Lee Kleinman, Omar Narvaez, Casey Thomas, II

#### SUBJECT Agenda Item #52 September 23, 2020 - Contract for External Auditing Services

The City Charter (Chapter III, Section 19) requires an annual independent audit of the City's financial statements, related records, and accounts by a firm registered with the Texas State Board of Public Accountancy. The Single Audit Act of 1996, as amended, also requires an audit of grantees who have received federal and/or state grants exceeding certain thresholds. The auditing services contract is unique in that the City Council selects the auditor, through the Government Performance and Financial Management (GPFM) Committee.

On August 24, 2020, the GPFM Committee heard presentations from six firms competing for the contract and subsequently scored their proposals. The Office of Procurement Services tabulated the scores and then negotiated with the top scorers to further reduce the contract price.

As a result of the competitive process, the highest scoring proposer is Weaver and Tidwell, LLP. On September 23, 2020, the Office of Procurement Services will present a five-year contract for auditing services with Weaver and Tidwell, LLP for City Council approval for an amount not to exceed \$4,231,500. This represents a savings of over a quarter of a million dollars from the prior contract.

The table below shows the scores for each of the proposers.

<u>Proposers</u>	<u>Score</u>	<u>Amount</u>
Weaver and Tidwell, LLP*	91.17%	\$4,231,500.00
BKD, LLP	83.58%	\$4,602,150.00
RSM US, LLP	82.79%	\$4,922,980.00
Crowe, LLP	81.13%	\$5,118,900.00
McConnell & Jones, LLP	80.10%	\$4,959,450.00
Clifton Larson Allen, LLP	79.94%	\$4,712,980.00

\*Denotes successful proposer

In addition, the source of funding for the five-year contract is as follows:

General Fund	\$ 3,748,000
Capital projects funds for services related to bond offerings	12,500
Sanitation Services	7,500
Dallas Water Utilities for services related to bond offerings	12,500
Downtown Dallas Development Authority	55,000
Airport Revenues Fund for the audit of Passenger Facilities Charges	37,500
Dallas Convention Center Hotel Development Corporation	107,000
Airport Revenues Fund - Love Field Airport Modernization Corporation	17,500
Dallas Employees' Retirement Fund	234,000
Total amount of award	\$4,231,500

If you have any questions, please contact Sheri Kowalski, City Controller, or Chhunny Chhean, Director, Office of Procurement Services.

M. Elifabeth Reich

M. Elizabeth Reich Chief Financial Officer

c: Honorable Mayor and Members of the City Council T.C. Broadnax, City Manager Chris Caso, City Attorney Mark Swann, City Auditor Bilierae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizor Tolbert, Chief of Staff to the City Manager Majed A. Al-Ghafry, Assistant City Manager Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services Laila Alequresh, Chief Innovation Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors



### Agenda Information Sheet

File #: 20-1807

Item #: 7.

Agenda Item #65 September 23, 2020 - Grounds Maintenance Contracts

### Memorandum



DATE September 18, 2020

Honorable Members of the Government Performance & Financial Management Committee: Jennifer S. Gates (Chair), Cara Mendelsohn (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Lee Kleinman, Omar Narvaez, Casey Thomas, II

#### SUBJECT Agenda Item No. 65, September 23, 2020 – Grounds Maintenance Contracts

The Office of Procurement Services' (OPS) Agenda Item No. 65 seeks authorization for contracts related to grounds maintenance services.

This item involves re-awarding contracts that had been previously authorized on April 10, 2019 (for Water Utilities Department properties) and on May 13, 2020 (for Dallas Police Department properties). Subsequent to Council approval, the suppliers awarded those contracts were unable to fulfill the contract obligations and the City terminated their contracts. Because the services are still required and the other contracts the departments had been utilizing in the interim are now at capacity, OPS now seeks authorization to re-award the contracts to the next lowest bidders under the original solicitations.

The next lowest bidders are Good Earth Corporation and GreenList Services LLC. They are both Dallas-based firms with a local workforce of 81 percent and 100 percent, respectively. In addition, the combined contracts exceed the City's M/WBE goal.

If you have any questions, please contact Chhunny Chhean, Director, Office of Procurement Services.

M. Elwabeth Reich

M. Elizabeth Reich Chief Financial Officer

c: Honorable Mayor and Members of the City Council T.C. Broadnax, City Manager Chris Caso, City Attorney Mark Swann, City Auditor Bilierae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizor Tolbert, Chief of Staff to the City Manager Jon Fortune, Assistant City Manager Majed A. Al-Ghafry, Assistant City Manager Joey Zapata, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services Laila Alequresh, Chief Innovation Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors Please note that the numbering for the following upcoming agenda items changed after this meeting was posted:

- Agenda Item #90-91: Rockwall Central Appraisal District Facility Improvements
- Agenda Item #<del>94</del> 95: FY21 Fee Changes

#### 1500 Marilla Street Dallas, Texas 75201

### Agenda Information Sheet

File #: 20-1815

Item #: 8.

Agenda Item #90 September 23, 2020 - Rockwall Central Appraisal District Facility Improvements



DATE September 18, 2020

Honorable Members of the Government Performance & Financial Management Committee: Jennifer S. Gates (Chair), Cara Mendelsohn (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Lee Kleinman, Omar Narvaez, Casey Thomas, II

## SUBJECT September 23, 2020 City Council Agenda Item #90 – Rockwall Central Appraisal District Facility Improvements

The September 23, 2020 City Council agenda includes an item authorizing the approval of renovations at the facility housing the Rockwall Central Appraisal District (RCAD). The Texas Property Tax Code Section 6.051 authorizes the Board of Directors of an appraisal district, with the approval of three-fourths of its taxing units, to purchase, lease, or renovate real property as necessary to operate the appraisal office.

RCAD has occupied their current facility located at 841 Justin Road, Rockwall, Texas since 1997. In that time, the population of Rockwall County has grown from 36,500 to an estimated 106,340 and the parcel count has grown from 22,263 to 48,002. The appraisal district expects that both the population and parcel count will continue to grow at a steady pace. To keep up with the growth, RCAD has increased staffing and anticipates additional hiring as the growth continues.

Since the current facility does not have adequate space to accommodate current staff, the RCAD Board of Directors has proposed the renovation of the current facility and the construction of an additional 15,100 square feet. RCAD conducted a search of existing property for sale or lease within Rockwall County, but found no suitable facilities.

The planned renovation will not exceed \$3,350,000 and approval of this action will not result in an immediate cost to the City. While there will be no immediate costs incurred, the City's annual payment to the appraisal district, currently budgeted at \$695, is expected to increase by approximately \$82 once RCAD incurs the construction costs.

Of the City's total FY 2020-21 projected property value of \$147.3 billion, \$8.9 million, is in Rockwall County. Based on current projections, Rockwall County property values will generate approximately \$68,000, or 0.01% of the FY2020-21 Proposed General Fund property tax revenue.

#### DATE September 18, 2020 SUBJECT SUBJECT September 23, 2020 City Council Agenda Item #90 – Rockwall Central Appraisal District Facility Improvements

Please contact me if you need additional information.

M. Elyabeth Reich

M. Elizabeth-Reich Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council T.C. Broadnax, City Manager Chris Caso, City Attorney Mark Swann, City Auditor Bilierae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizor Tolbert, Chief of Staff to the City Manager Jon Fortune, Assistant City Manager Majed A. Al-Ghafry, Assistant City Manager Joey Zapata, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services Laila Alequresh, Chief Innovation Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors



## Agenda Information Sheet

Item #: 9.

Agenda Item #94 September 23, 2020 - FY21 Fee Changes

# Memorandum



DATE September 18, 2020

<sup>TO</sup> Honorable Mayor and Members of the City Council

#### SUBJECT Agenda Item #94 September 23, 2020 – FY21 Fee Changes

In compliance with the City's Financial Management and Performance Criterion #12, we review selected fees and charges annually to determine the extent to which we recover the full cost of associated services.

As a result of this review, we included changes to various fees in the City Manager's FY 2020-21 Proposed Budget, many of which require a code amendment. The City Council will consider an ordinance amending Chapters 2, 18, 28, 32, 41A, 43, 49, and 51A of the City Code on Wednesday, September 23. The table below lists the rate structures included in the ordinance, and the full list of proposed fees is attached.

Department	Rate Structure
Public Works	Survey services for sexually oriented businesses
Transportation	Valet parking license applications, valet stand signs, annual Fair Park parking license, 311-T-Reviews, traffic signal plans reviews, traffic control plan reviews, traffic signals field adjustments, utilities locate, streetlights plan review, and the thoroughfare amendment
Dallas Water Utilities	Retail and wholesale rates to provide sufficient revenues for furnishing water and wastewater service to Dallas and its customer cities
Sanitation Services	Rates and charges for collection and disposal of solid waste
Storm Drainage Management	Rates and charges for floodplain and drainage management, and stormwater drainage

These fee changes are expected to generate the estimated revenue below:

- General Fund: \$1,214,978
- Dallas Water Utilities Fund: \$5,536,740
- Sanitation Operation Fund: \$7,272,385
- Storm Drainage Management: \$5,392,910

DATE September 18, 2020 SUBJECT Agenda Item #94 September 23, 2020 – FY21 Fee Changes

If you have any questions, please contact Office of Budget Director Jack Ireland.

M. Elizabeth Reich M. Elizabeth Reich

M. Elizabeth Reich Chief Financial Officer

c:

T.C. Broadnax, City Manager Chris Caso, City Attorney Mark Swann, City Auditor Bilierae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizor Tolbert, Chief of Staff to the City Manager Majed A. Al-Ghafry, Assistant City Manager Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services Laila Alequresh, Chief Innovation Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors

Fee Category	Fee Description		Current		Proposed	V	ariance
Dallas Water Utilities (DWU) Fees							
	5/8-inch meter	\$	5.33	\$	5.38	\$	0.05
	3/4-inch meter	\$	7.40	\$	7.47	\$	0.07
	1-inch meter	\$	10.78		10.89	\$	0.07
	1-1/2-inch meter	\$	20.00		20.20	\$	0.11
Water Service Customer Charges	2-inch meter	\$	32.54		32.87	\$	0.33
(by connection size)	3-inch meter	\$ \$	77.00		77.77	\$	0.33
	4-inch meter	\$ \$	126.62	∳ \$	127.89	\$	1.27
	6-inch meter	<del>)</del> \$	251.45		253.96	<del>۹</del>	2.51
	8-inch meter	\$	418.53		422.72	\$	4.19
	10-inch meter or larger	<b>∮</b> (\$	642.66		649.09	\$	6.43
	Up to 4,000 gallons	9 \$	1.86		1.88	<del>\$</del>	0.43
		ֆ \$	4.00		4.05	3 \$	0.02
Llagge Charge (Residential)	4,001 to 10,000 gallons						
Usage Charge (Residential)	10,001 to 20,000 gallons	\$	6.50		6.59	\$	0.09
	20,001 to 30,000 gallons	\$	9.30		9.40	\$	0.10
	Above 30,000 gallons	\$	10.70		10.86		0.16
	Up to 10,000 gallons	\$	3.73		4.22	\$	0.49
Usage Charge (General Service)	Above 10,000 gallons	\$	4.05	\$	4.60	\$	0.55
	Above 10,000 gallons and 1.4 times annual average	\$	6.15	\$	7.02	\$	0.87
	monthly usage	,		•			
Floation for Cortain Constal Water	Per month as a usage charge on the first 1,000,000	\$	2,370.15	\$	2,534.11	\$	163.96
Election for Certain General Water	gallons used in a billing period		,				
Service Customers	Per 1,000 gallons used in excess of 1,000,000 gallons per	\$	3.65	\$	3.89	\$	0.24
	month			-			
	Residential	\$	1.86	\$	1.88	\$	0.02
Adjusted Rates for Hidden Water	Con anal Com inc	¢	0.70	¢	4.00	¢	0.40
Leaks (rate per 1,000 gallons)	General Service	\$	3.73		4.22	\$	0.49
	Optional general service	\$	3.65		3.89	\$	0.24
	Municipal service	\$	2.75	\$	2.83	\$	0.08
Rates for municipal purpose water	Per 1,000 gallons of water used	\$	2.75	\$	2.83	\$	0.08
service							
	5/8-inch meter	\$	4.78		4.83	\$	0.05
	3/4-inch meter	\$	6.55		6.62	\$	0.07
	1-inch meter	\$	9.45		9.54	\$	0.09
Wastewater Service Customer	1-1/2-inch meter	\$	18.30		18.48		0.18
Charges (monthly customer	2-inch meter	\$	28.50		28.79	\$	0.29
charges)	3-inch meter	\$	69.50		70.20	\$	0.70
	4-inch meter	\$	111.42		112.53		1.11
	6-inch meter	\$	219.31	\$	221.50		2.19
	8-inch meter	\$	366.09	\$	369.75	\$	3.66
	10-inch meter or larger	\$	575.21	\$	580.96	\$	5.75
	Per 1,000 gallons of the average water consumption billed						
	in the months of December, January, February, and March						
Monthly residential use charge	or the actual month's water consumption, whichever is	\$	5.36	\$	5.41	\$	0.05
	less, up to a maximum charge of 40,000 gallons per month						
	less, up to a maximum charge of 40,000 gallons per month						
Monthly general service usage	Per 1,000 gallons of water used	\$	4.11	\$	4.56	\$	0.45
charge		Ψ		Ψ	1.00	Ŷ	0.10
Monthly usage charge for Section 49	Per 1,000 gallons of water used	\$	4.00	\$	4.21	\$	0.21
18.1(f) customer		Ψ	1.00	Ψ		Ŷ	0.21
Monthly general service usage							
charge for wastewater separately	Per 1,000 gallons of wastewater discharged	\$	4.05	\$	4.26	\$	0.21
metered							
Rates for municipal purpose	Per 1,000 gallons of water used	\$	2.75	\$	2.92	\$	0.17
wastewater service							
Volume charge for treated water	Per 1,000 gallons of water used	\$	0.3766	\$	0.3959	\$	0.0193
Annual water year demand charge	Per each mgd, as established by the highest rate of flow	\$	278,529.00	\$	291,422.00	\$	12,893.00
	controller setting						,
If a flat rate charge for treated water							
is provided by contract, or in the	Per 1,000 gallons of treated water used	\$	2.0936	\$	2.2107	\$	0.1171
absence of a rate flow controller,							
charge is							

Fee Category	Fee Description		Current		Proposed	V	ariance
	3-inch	\$	77.00	\$	77.77	\$	0.77
Monthly Readiness-to-Serve Charge	4-inch	\$	126.62	\$	127.89	\$	1.27
for any standby service point	6-inch	\$	251.45		253.96		2.51
	8-inch	\$	418.53		422.72	\$	4.19
	10-inch or larger	\$	642.66		649.09	\$	6.43
Rate for regular untreated water service to a governmental entity	Per 1,000 gallons of untreated water used	\$	0.8707		0.8915		0.0208
Rate for interruptible untreated water service to a governmental entity	Per 1,000 gallons of untreated water used	\$	0.3549	\$	0.3894	\$	0.0345
	Monthly rate for wholesale wastewater service per 1,000 gallons of wastewater discharged	\$	3.0381	\$	3.0679	\$	0.0298
Wholesale wastewater rates	An infiltration and inflow adjustment factor will be added to the average water consumption for the months of December, January, February, and March to determine billable volume for a governmental entity with unmetered wholesale wastewater service.		14.1%		21.6%		7.5%
	Volume charge for treating water owned by another governmental entity per 1,000 gallons of water treated	\$	0.3590	\$	0.3321	\$	(0.0269)
Treatment of water owned by another governmental entity	Annual water year demand charge per each mgd, as established by the maximum demand capacity set forth in the contract	\$	40,783.00	\$	44,814.00	\$	4,031.00
another governmental entity	Charge for untreated water per 1,000 gallons of water used	\$	0.8707	\$	0.8915	\$	0.0208
	Charge for interruptible service per 1,000 gallons of water used	\$	0.3549	\$	0.3894	\$	0.0345
	3/4-inch	\$	3,600.00	\$	3,790.00	\$	190.00
Water Service Installation Charges	1-inch	\$	3,750.00	\$	4,200.00	\$	450.00
(by connection size)	1 1/2-inch	\$	4,800.00	\$	5,580.00	\$	780.00
	2-inch	\$	5,400.00	\$	6,270.00	\$	870.00
	3/4-inch	\$	820.00	\$	890.00	\$	70.00
Connecting Existing Water Service	1-inch	\$	910.00	\$	950.00	\$	40.00
(by connection size)	2-inch	\$	1,830.00	\$	1,940.00	\$	110.00
	Up to 2-inch bullhead	\$	2,580.00	\$	2,590.00	\$	10.00
Wastewater service installation and connection fees	First wastewater service line installation and connection charge	\$	3,110.00		4,060.00	\$	950.00
A person requesting the use of water from a fire hydrant pursuant to Section 49-27 shall pay the following application charges	A monthly fire hydrant service charge	\$	77.00	\$	77.77	\$	0.77
	3/4-inch copper deadhead each	\$	820.00	\$	890.00	\$	70.00
Water Mains and Appurtenances	1-inch copper deadhead each	\$	910.00		950.00		40.00
	2-inch copper deadhead	\$	1,830.00		1,940.00		110.00
Public Works (PBW) Fees		Ŧ	,		,		
Survey Services	Sexually Oriented Business	\$	1,198.00	\$	3,175.00	\$	1,977.00
Sanitation (SAN) Fees		. F	,	Ŧ	.,		,
Collection service charge for a residence or duplex	Alley or curb collection service per dwelling unit per month for one roll-cart	\$	28.64	\$	30.52	\$	1.88
	Alley or curb collection service additional for each additional garbage roll-cart requested by the owner or occupant of the premises	\$	10.56	\$	11.81	\$	1.25
	Packout or drive-in collection service per dwelling unit per month	\$	99.75	\$	106.30	\$	6.55
Collection service charge for an apartment or a mobile home park that receives manual collection	Alley, curb, or drive-in collection service per apartment unit or mobile home space per month	\$	28.64	\$	30.52	\$	1.88
service	Packout collection service per apartment unit or mobile home space per month	\$	99.75	\$	106.30	\$	6.55

Fee Category	Fee Description	(	Current	P	roposed	V	ariance
Materials Accepted at Transfer Station when Weighing System is Inoperable	Passenger cars, station wagons, and pickups that are used by persons other than Dallas city residents to haul their own waste from their residences to the station	\$	43.43	\$	51.60	\$	8.17
	Commercial Pickups per load	\$	51.00	\$	51.60	\$	0.60
Charge for all materials accepted at	Per ton based on the landfill weighing system	\$	28.50	\$	34.20	\$	5.70
a city landfill site	Minimum charge for any load that is less than one ton	\$	28.50	\$	34.20	\$	5.70
	Passenger cars, station wagons, and pickups that are used by persons other than Dallas city residents to haul their own waste from their residences to the station	\$	43.00	\$	51.60	\$	8.60
	Commercial Pickups per load	\$	43.00	\$	51.60	\$	8.60
Materials accepted at a City Landfill when weighing system is inoperable	Trucks or trailers with a cargo bed length of less than 15 feet	\$	100.00	\$	120.00	\$	20.00
	Trucks or trailers with a cargo bed length of 15 feet or greater	\$	214.50	\$	257.40	\$	42.90
	Roll-off containers, whether open top or compactor	\$	229.00	\$	274.80	\$	45.80
	Compactor trucks	\$	286.00	\$	343.20	\$	57.20
	5,000 -9,999		0.00%		12.28%		12.28%
Solid Waste Disposed of at the	10,000-49,999		12.28%		17.81%		5.53%
Landfill during a Contract Year (in	50,000-74,999		14.24%		20.65%		6.41%
tons)	75,000-99,999		14.88%		21.58%		6.70%
1-2 Year Contract Term	100,000-124,999		15.60%		22.62%		7.02%
	125,000-149,999		15.76%		22.85%		7.09%
	150,000-199,999		15.84%		22.97%		7.13%
	200,000-No Maximum		16.00%		23.20%		7.20%
	5,000 -9,999		0.00%		13.60%		13.60%
	10,000-49,999		13.60%		19.72%		6.12%
Solid Waste Disposed of at the	50,000-74,999		16.24%		23.55%		7.31%
Landfill during a Contract Year (in	75,000-99,999		17.56%		25.46%		7.90%
tons)	100,000-124,999		18.84%		27.32%		8.48%
3-4 Year Contract Term	125,000-149,999		19.16%		27.78%		8.62%
	150,000-199,999		19.40%		28.13%		8.73%
	200,000-No Maximum		19.76%		28.65%		8.89%
	5,000 -9,999		0.00%		14.88%		14.88%
	10,000-49,999		14.88%		21.58%		6.70%
Solid Waste Disposed of at the	50,000-74,999		20.16%		29.23%		9.07%
Landfill during a Contract Year (in tons)	75,000-99,999 100,000-124,999		22.80% 25.40%		33.06% 36.83%		10.26% 11.43%
5 Year Contract Term	125,000-149,999		25.40%		37.87%		11.75%
	150,000-199,999		26.52%		38.45%		11.93%
	200,000-No Maximum		27.16%		39.38%		12.22%
Storm Drainage Management (SDN	· · · · · · · · · · · · · · · · · · ·		27.1070		00.0070		12.2270
g	Up to 2,000 (imperious area in square feet)	\$	3.90	\$	4.25	\$	0.35
	Up to 2,001 - 3,500 (imperious area in square feet)	\$	6.21	\$	6.76		0.55
Stormwater Drainage Utility Rate	Up to 3,501 - 5,500 (imperious area in square feet)	\$	9.29	\$	10.11	\$	0.82
	More than 5,500 (imperious area in square feet)	\$	15.19	\$	16.53	\$	1.34
Non-residential-benefitted property	Monthly charge for each 1,000 square feet Minimum monthly charge	\$ \$	2.10 6.00		2.29 6.53		0.19 0.53
Transportation (TRN) Fees		<b>₩</b>	0.00	7	0.00	*	0.00
· _ · _ · _ /	Valet Parking- License Application	\$	25.00	\$	800.00	\$	775.00
Valet Parking	Valet Stand Sign	\$	25.00		400.00		375.00
License Fee	Special Event Parking Permit	\$	25.00	· ·	100.00		75.00
	Traffic Signal Plans Review	\$	-	\$	1,000.00	\$	1,000.00
Plan Reviews and Field Adjustments	Traffic Control Plan Review	\$	-	\$	1,000.00		1,000.00
	Traffic Signals Field Adjustments	\$	-	\$	1,500.00		1,500.00
	Street Lights Plan Review	\$	-	\$	500.00	· ·	500.00
Thoroughfare amendment	025 miles	\$	2,660.00		5,325.00		2,665.00
Thoroughfare amendment	Longer than .25 miles plus \$.87 per linear foot	\$	2,660.00	\$	5,325.00		2,665.00
Engineering Review and Location	Utilities Locate	\$	-	\$	1,000.00		1,000.00
Fees	311-T Review	\$	-	\$	2,500.00	\$	2,500.00



## Agenda Information Sheet

Item #: 10.

Upcoming Agenda Item October 14, 2020 - Investment Policy

# Memorandum



DATE September 18, 2020

<sup>TO</sup> Honorable Mayor and Members of the City Council

#### **SUBJECT Annual Investment Policy Review**

The Public Funds Investment Act (Chapter 2256, Texas Government Code) requires the City Council to adopt a resolution annually stating that it has reviewed the City's Investment Policy and approved any amendments. On September 11, 2020, the Investment Committee, which is composed of the Chief Financial Officer, City Controller, and Treasury Manager, met to review the policy and proposed 2020 Investment Policy for City Council consideration on October 13, 2020.

There are no changes in Texas State Public Funds Investment Act in 2020. We propose to make no amendments to current City of Dallas Investment Policy.

Please find attached a redlined copy of the City's 2020 Investment Policy. We would appreciate your support of the 2020 Investment Policy when the City Council considers it on October 13, 2020.

Please let me know if you need additional information.

M. Elifabeth Reich

M. Elizabeth Reich Chief Financial Officer

Attachment

cc: T.C. Broadnax, City Manager Chris Caso, City Attorney Mark Swann, City Auditor Bilierae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizor Tolbert, Chief of Staff to the City Manager Majed A. Al-Ghafry, Assistant City Manager Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services Laila Alequresh, Chief Innovation Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors

# CITY OF DALLAS

# **INVESTMENT POLICY**

As adopted by City Council October 23, 2019 October 13, 2020

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Appendices
A. Government Code – Chapter 2256 "Public Funds Investment Act"
B. Council Resolution

#### 1.0 Policy

It is the policy of the City of Dallas to invest public funds in a manner which will provide security and optimize interest earnings to the maximum extent possible while meeting the daily cash flow demands of the City and conforming to all federal, state and local statutes, rules and regulations governing the investment of public funds. This Policy sets forth the investment program of the City of Dallas and the guidelines to be followed in achieving its objectives.

Not less than annually, City Council shall adopt a written instrument by resolution stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to the Investment Policy or investment strategies.

This Policy is intended to satisfy the requirements of the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA" or the "Act") that an investing entity such as the City of Dallas adopt and review an investment policy governing the investment by the investing entity of its funds and funds under its control.

#### 2.0 Scope

This Policy governs the investment of all funds of the City except those that are identified in Section 2.2 below. With respect to the funds of non-profit corporations that are established by City resolution and act on behalf of the City in accordance with State law, this Policy shall prevail in the absence of a specific investment policy adopted by the non-profit corporation. In addition to this Policy, the investment of bond proceeds and other bond funds (including debt service and reserve funds) of the City or of a non-profit corporation established by City resolution and acting on behalf of the City in accordance with State law shall be governed and controlled by their governing ordinance, resolution or trust indenture, including the authorization of eligible investments, and by the provisions of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), including all regulations and rulings promulgated thereunder applicable to the issuance of tax-exempt obligations.

- 2.1 All funds are managed as a pooled fund group, referenced in this Policy as the City's investment pool, with the exception of the following, which are managed as separately invested assets:
  - 2.1.1 Bond Funds funds established with the proceeds from specific bond issues when it is determined that segregating these funds from the City's investment pool will result in maximum interest earnings retention under the provisions of the Internal Revenue Code.
  - 2.1.2 Bond Reserve Funds funds set at prescribed levels by certain bond ordinances to pay principal and/or interest if required to prevent default.
  - 2.1.3 Endowment Funds funds given to the City with the instructions that the principal is to remain intact, unless otherwise agreed to, and the income generated by the investments will be used for specified purposes.
  - 2.1.4 Commercial Paper Funds unexpended proceeds from the issuance of commercial paper notes.
- 2.2 Funds not governed by this Policy include:
  - 2.2.1 Employees' Retirement Fund
  - 2.2.2 Dallas Police and Fire Pension System
  - 2.2.3 Deferred Compensation Funds
  - 2.2.4 Private Donations investments donated to the City are excluded from this Policy if separately managed under terms of use specified by the donor.

#### 3.0 Objective

Investment of the funds covered by this Policy shall be governed by the following investment objectives, in order of priority:

3.1 **Safety**: Safety of principal is the primary objective of the Investment Policy. Investment of the City's funds shall be undertaken in a manner that seeks to ensure the preservation of capital for the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

The City will mitigate credit risk, which is the risk of loss due to the failure of the issuer or backer, by:

- Limiting investments to the types listed in Section 8.0 ("Authorized and Suitable Investments") of this Policy
- Qualifying the broker/dealers and financial institutions with which the City may engage in an investment transaction in accordance with Section 9.0 ("Authorized Broker/Dealers and Financial Institutions)
- Diversifying the investment portfolio so that the impact of potential losses from any one type of investment or from any one individual issuer will be minimized (see Section 13.0 "Diversification and Maximum Maturities").

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar local government investment pools and limiting the weighted average maturity of the portfolio in accordance with this Policy (see Section 17.0 "Investment Strategies").
- 3.2 **Liquidity**: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that investments mature concurrent with cash needs to meet anticipated demands. A portion of the portfolio will be placed in money market mutual funds or local government investment pools offering same-day liquidity to meet unanticipated demands.
- 3.3 **Yield**: The City's investment portfolio shall be designed with the objective of attaining a market rate of return, throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

#### 4.0 Delegation of Authority

The Chief Financial Officer, under the direction and authority of the City Manager, shall direct the cash management program of the City as defined in Article XV, Section 2-134 "Duties of the Chief Financial Officer", Volume I, Chapter 2 "Administration" of the Dallas City Code, as amended. City Council shall designate the Chief Financial Officer, City Controller, and the Assistant Director/Treasury Manager as Investment Officers responsible for the investment of its funds, under the direction and authority of the City Manager.

The City's Investment Officers shall establish written procedures for the operation of the investment program consistent with this Investment Policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this Policy and the written procedures. Authority granted to a person to invest the City's funds is effective until rescinded or until termination of the person's employment by the City. The Investment Officers shall be responsible for all transactions undertaken and shall establish a system of controls, to be reviewed by the City Auditor, to regulate the activities of subordinate officials. In order to assure quality and capability of investment management, the Investment Officers shall possess sufficient working knowledge of economics and securities markets, as well as the supervisory experience and judgment necessary to carry out the responsibilities outlined in this Policy.

#### 5.0 Prudence

Investments shall be made with judgment and care - under circumstances then prevailing - which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

- 5.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment Officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- 5.2 In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment and, whether the investment decision was consistent with the City's Investment Policy and written investment procedures.

#### 6.0 Ethics and Conflicts of Interest

Investment Officers who have a personal business relationship with a business organization offering to engage in an investment transaction with the City shall refrain from activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

- 6.1 Investment Officers shall sign annual statements agreeing to abide by this section of the Investment Policy and affirming no known conflicts of interest.
- 6.2 Investment Officers must file a disclosure statement with the Texas Ethics Commission and City Council if:
  - a) the Investment Officer has a personal business relationship with a business organization offering to engage in an investment transaction with the City; or
  - b) the Investment Officer is related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to transact investment business with the City.
- 6.3 An Investment Officer has a personal business relationship with a business organization if:
  - a) the Investment Officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
  - b) funds received by the Investment Officer from the business organization exceed 10 percent of his/her gross income for the previous year; or
  - c) the Investment Officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for his/her personal account.

#### 7.0 Training

The Investment Officers and the persons authorized to execute investment transactions shall attend at least one 10 hour investment training session within 12 months after taking office or assuming duties and receive not less than 8 hours of instruction relating to investment responsibilities during a two-year period that begins on the first day of the City's fiscal year following the initial 10 hours of instruction and consists of the two consecutive fiscal years after that date. Training must be received from an independent source approved by the City's Investment Committee and must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and compliance with the Act.

#### 8.0 Authorized and Suitable Investments

City funds governed by this Policy may be invested in the instruments described below, all of which are authorized by Chapter 2256 of the Government Code (Public Funds Investment Act).

8.1 Direct obligations of the United States, its agencies or instrumentalities, and other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

The City will restrict investments in eligible securities described in this section to discount notes and callable or non-callable fixed-rate securities with a fixed principal repayment amount.

- 8.2 Direct obligations of states and local governments rated not less than Aa3 or its equivalent (longterm rating) or an equivalent short-term rating by at least one nationally recognized investment rating firm.
- 8.3 Fully collateralized Certificates of Deposit/Share Certificates that are issued by a bank or credit union that has its main office or branch office within the City and are:
  - a) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; or
  - b) secured by obligations in accordance with Section 11.0 herein.

If the certificate of deposit is collateralized by pledged securities the City must have on file a signed Depository Agreement, approved as to form by the City Attorney, which details eligible collateral, collateralization ratios for pledged securities, standards for collateral custody and control of pledged securities, collateral valuation of pledged securities, and conditions for agreement termination.

- 8.4 Certificates of Deposit obtained through a depository institution or a broker approved by the City's Investment Committee under the provisions of Section 9.0 of this Policy that has its main office or branch office within the City and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256.010(b) of the Act.
- 8.5 Fully collateralized repurchase agreements in accordance with the conditions prescribed in Section 2256.011 of the Act. Prior to investment in a repurchase agreement, the City must have on file a signed Master Repurchase Agreement, approved as to form by the City Attorney, which details eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination and provided the repurchase agreement:
  - a) has a defined termination date;
  - b) is secured by a combination of cash and obligations of the United States or its agencies and instrumentalities described by Section 2256.009(a) (1) of the Act. Securities received for repurchase agreements must have a market value greater than or equal to 103% at the time the investment is made and throughout the terms of the repurchase agreement;
  - c) requires the securities being purchased by the City or cash held by the City to be assigned to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and
  - d) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state, and which is rated no less than A or its equivalent by two nationally recognized rating services.
- 8.6 A securities lending program is an authorized investment if it meets the following conditions:
  - a) A loan made under the program must allow for termination at any time;
  - b) A loan made under the program must be placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state that is rated no less than A or its equivalent by two nationally recognized rating services. An agreement to lend securities must have a term of one year or less and shall comply with the provisions of section 1058 of the Internal Revenue Code;
  - c) A loan made under the program must be secured as prescribed in Section 2256.0115(b)(3) of the Act. Securities being held as collateral must be pledged to the City, held in the City's name, and deposited at the time the investment is made with a third party approved by the City;

- d) The amount of collateral must not be less than 100% of the market value of securities loaned, including accrued income. The market value of securities loaned shall be determined daily. Cash received as collateral shall not be invested for a term later than the expiration date of the securities lending agreement and may only be invested in investments as authorized by this Policy.
- 8.7 No-load money market mutual funds that are registered with and regulated by the Securities and Exchange Commission that meet the requirements of the PFIA, and, in addition:
  - a) are rated not less than Aaa or an equivalent rating by at least one nationally recognized rating service. A rating is not required for a sweep account investment, which is part of the city's depository contract; and,
  - b) have provided the City with a prospectus and other information as may be required by law.

Investments will be made in a money market mutual fund only after a thorough investigation of the fund and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved funds.

8.8 No-load mutual funds that are registered with and regulated by the Securities and Exchange Commission that meet the requirements of the PFIA and have provided the City with an offering circular and other information required by the Act.

Investments will be made in a mutual fund only after a thorough investigation of the fund and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved funds.

- 8.9 Local government investment pools which are organized in conformity with Chapter 791 (Interlocal Cooperation Contracts Act) and meet the requirements of the PFIA that:
  - a) are rated not less than Aaa or an equivalent rating by at least one nationally recognized rating service; and
  - b) have provided the City with an offering circular and other information required by the Act.

To become eligible, investment pools must be approved by City Council action. Investments will be made in a local government investment pool only after a thorough investigation of the pool and approval by the Investment Committee which shall, at least annually, review, revise and adopt a list of approved pools. A pool approved by the Investment Committee shall invest its funds in investment types consistent with the Act and the pool's own adopted investment policies and objectives. An approved pool is not required to invest its funds in investment types according to the investment policies and objectives adopted by its participants.

The Investment Officers may at times restrict or prohibit the purchase of specific issues due to current market conditions. An investment that requires a minimum rating under this section does not qualify as an authorized investment during the period the investment does not have the minimum rating. Ratings shall be monitored using nationally recognized financial information sources, including actions published on rating agency websites. The City shall take all prudent measures consistent with the Act to liquidate an investment that does not have the minimum rating required by the Act.

#### 9.0 Authorized Broker/Dealers and Financial Institutions

The Investment Committee shall, at least annually, review, revise, and adopt a list of qualified broker/dealers and financial institutions authorized to engage in the purchase and sale of obligations of the U.S. Government, its agencies or instrumentalities with the City. In order to be considered, those firms that desire to become qualified bidders for securities transactions will be required to provide information regarding creditworthiness, experience and reputation. Authorized firms may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule).

A written copy of this Investment Policy shall be presented to any person offering to engage in an investment transaction with the City. Investments shall only be made with those business organizations (including money market mutual funds and local government investment pools) which have provided the City with a written instrument executed by a qualified representative of the firm, acknowledging that the business organization has received and reviewed the City's Investment Policy in satisfaction of the business organization's duties under Financial Industry Regulatory Authority (FINRA) Rule 2111 (Suitability).

#### **10.0 Competitive Bidding**

It is the policy of the City to require competitive bidding for all individual security purchases and sales except for:

- a) transactions with money market mutual funds and local government investment pools (which are deemed to be made at prevailing market rates)
- b) treasury and agency securities purchased at issue through an approved broker/dealer or financial institution
- c) automatic overnight "sweep" transactions with the City Depository
- d) fully insured certificates of deposit placed in accordance with the conditions prescribed in Section 2256.010(b) of the Act or placed with the City's Depository if so authorized by the City Depository Contract.

At least three bids or offers must be solicited for all other transactions involving individual securities. The City's investment advisor is also required to solicit at least three bids or offers when transacting trades on the City's behalf. In situations where the exact security being offered is not offered by other dealers, offers on the closest comparable investment may be used to establish a fair market price for the security. Bids for certificates of deposit may be solicited in any manner permitted by the Act.

#### **11.0 Collateralization of Deposits**

The City requires that all uninsured collected balances plus accrued interest, if any, in depository accounts be secured in accordance with the requirements of this Policy and Chapter 2257, Government Code ("Public Funds Collateral Act") and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). Financial institutions serving as City depositories will be required to sign a Depository Agreement with the City which details securities that can serve as eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, rights of substitution and conditions for agreement termination.

Pledged securities serving as collateral will always be held by an independent third party with which the City has a current custodial agreement and shall be reviewed at least monthly to ensure that the market value of the pledged securities is at least 102%. Eligible collateral are as follows:

#### **Eligible Collateral**

- 1) Direct obligations of the United States or other obligations of the United States or other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States.
- 2) Direct debt obligations of an agency or instrumentality of the United States.
- 3) Mortgage-backed securities issued directly by an agency or instrumentality of the United States eligible under the Public Funds Collateral Act.
- 4) Direct debt obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

The use of a letter of credit issued to the City by the Federal Home Loan Bank may be considered by the City to provide collateral for bank deposits and for certificates of deposit.

The City's Investment Officers reserve the right to accept or reject any form of collateral or enhancement at their sole discretion.

#### 12.0 Safekeeping and Custody

Safekeeping and custody of investment securities shall be in accordance with applicable law and accounting standards. All securities transactions, except local government investment pool and money market mutual fund transactions, shall be conducted on a delivery versus payment (DVP) basis. Investment securities will be held by a third-party custodian designated by the City, and be required to issue safekeeping receipts clearly detailing that the securities are owned by the City.

Safekeeping and custody of collateral shall be in accordance with applicable law and accounting standards. Pledged securities serving as collateral will be held by a third-party custodian designated by the City, and pledged to the City as evidenced by safekeeping receipts of the institution with which the securities are deposited.

#### **13.0 Diversification and Maximum Maturities**

The City's Investment Pool will be diversified to limit market and credit risk by observing the limitations at the time of purchase as listed below. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years at the time investments are purchased for the Investment Pool. Funds managed as separately invested assets in Section 2.1 of the Policy are subject to all of the following with the exception of the Issuer Limitation on investment in U.S. Agencies and Instrumentalities. Funds managed as separately invested assets may be invested 100% in the obligations of any one U.S. Agency or Instrumentality.

	Maximum Stated Maturity <sup>1</sup>	Issuer Limitations
U.S. Treasuries	5 Years	100% of the City's investment pool may be invested in obligations of the U.S. Treasury.
U.S. Agencies/Instrumentalities	5 Years	No more than 30% of the book value of the City's investment pool may be invested in the obligations of any one issuer.
Municipal Notes and Bonds	5 Years	The City may not own more than the lesser of \$5 million or 20% of any single issue.
Repurchase Agreements	30 Days	No more than 15% of the City's investment pool may be invested with one counterparty, excluding flexible repurchase agreements for investment of bond proceeds.
Mutual Funds	N/A	The City may not own more than the lesser of \$100 million or 5% of the total assets of any one fund, excluding mutual funds for investment of commercial paper proceeds.
Local Government Investment Pools	N/A	The City may not own more than the lesser of \$400 million or 10% of the total assets of any one pool.
Certificates of Deposit	5 Years	The City may not own more than \$50 million of any single financial institution's certificates of deposit at any one time, excluding certificates of deposit placed with the City's Depository if so authorized by the City Depository Contract.

In addition to the above limitations, the City's investment pool shall be diversified by market sector as follows:

	Maximum Percentage of Investment Pool
U.S. Treasuries	100%
U.S. Agencies/Instrumentalities	100% (maximum 30% callable)
Municipal Notes and Bonds	15%
Repurchase Agreements	15%*
Mutual Funds	15%
Local Government Investment Pools	45%
Certificates of Deposit	20%**
* Excluding flexible repurchase agreements for bond proceeds	

\* Excluding flexible repurchase agreements for bond proceeds.

\*\*Excluding certificates of deposit placed with the City's Depository if so authorized by the City Depository Contract.

(1) Purchases of securities with stated maturities greater than the maximum authorized under this section require prior City Council approval. With respect to bond proceeds and other bond funds, the City may, in the bond ordinance, specifically authorize investments in repurchase agreements with maturities in excess of 30 days subject to any required approvals from bond insurers.

#### 14.0 Sale of Securities

The City's policy is to hold securities to maturity. However, securities may be sold:

- (a) in order to minimize the potential loss of principal on a security whose credit quality has declined;
- (b) in order to reposition the portfolio for the purpose of improving the quality, yield, or target duration of the portfolio; or
- (c) in order to meet unanticipated liquidity needs of the portfolio.

#### **15.0 Investment Committee**

An Investment Committee shall be established and meet quarterly to determine investment guidelines, general strategies, and monitor performance. Members of the Investment Committee will include the Investment Officers, the Cash and Investment Manager and the City's Investment Advisor if the City has contracted with an Advisor. The Investment Advisor is a non-voting member of the Investment Committee.

#### **16.0 Investment Advisor**

The City may retain the services of an Investment Advisor to assist in the review of cash flow requirements, the formulation of investment strategies, and the execution of security purchases, sales and deliveries.

#### **17.0 Investment Strategies**

The City of Dallas maintains separate portfolios for individual funds or groups of funds (as listed under Sec. 2.0 of this Policy) which are managed according to the terms of this Policy and the corresponding investment strategies listed below. The investment strategy for portfolios established after the annual Investment Policy adoption will be managed in accordance with the terms of this Policy and applicable agreements until the next annual review when a specific strategy will be adopted.

- 17.1 <u>Investment Pool Strategy</u> The City's Investment Pool is an aggregation of the majority of City funds which includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. The objectives of this portfolio are to:
  - a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists;
  - b) ensure that anticipated cash flows are matched with adequate investment liquidity;
  - c) limit market and credit risk through diversification; and
  - attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy by managing the portfolio to meet or exceed the 12-month moving average yield on treasury one-year constant maturities as reported by Federal Reserve Statistical Release H.15.

- 17.2 <u>Bond Funds Strategy</u> Occasionally, separate non-pooled portfolios are established with the proceeds from bond sales in order to maximize earnings within the constraints of arbitrage regulations. The objectives of these portfolios are to:
  - a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists or by maintaining the security of the investment through collateralization according to the standards approved in Section 8.4 of this Policy;
  - ensure that anticipated cash flows are matched with adequate investment liquidity or that the terms of the secured investment agreement permit maximum flexibility for the City in making withdrawals;
  - c) manage market and credit risk through diversification and control of counterparty risk; and
  - d) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield
- 17.3 <u>Bond Reserve Fund Strategy</u> Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay the final principal and/or interest due on outstanding bonds that are similarly secured or to make up any shortfalls in debt service funds as required by the bond ordinance. The objectives of Bond Reserve Fund Portfolios are to:
  - a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists or by maintaining the security of the investment through collateralization according to the standards approved in Section 8.4 of this Policy;
  - ensure that anticipated cash flows are matched with adequate investment liquidity or that the terms of the secured investment agreement permit maximum flexibility for the City in making withdrawals;
  - c) manage market and credit risk through diversification and control of counterparty risk; and
  - d) attain a market rate of return commensurate with the objectives and the restrictions set forth in this Policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.
- 17.4 <u>Endowment Funds Strategy</u> Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes may be invested as separate non-pooled portfolios if required by the terms of the gift. The objectives of Endowment Portfolios are to:
  - a) ensure safety of principal and sufficient liquidity by investing only in high-quality securities for which a strong secondary market exists;
  - b) manage market and credit risk through the use of a competitive process to place investments;
  - c) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and the terms of the gift.
- 17.5 <u>Commercial Paper Funds Strategy</u> The City issues tax-exempt commercial paper notes as an interim financing tool for construction projects. The investment of the proceeds from the issuance of commercial paper debt should have a high degree of liquidity in order to fund payments to contractors. The objectives of this portfolio are to:
  - a) ensure safety of principal and sufficient liquidity by investing in money market mutual funds or short-term high-quality securities for which a strong secondary market exists;
  - b) manage market and credit risk through diversification of funds and/or securities. Funds must be rated AAA by at least one nationally recognized rating agency; and
  - c) attain a market rate of return commensurate with the objectives and restrictions set forth in this Policy and governing bond ordinances.

#### 18.0 Reporting

Investment performance is regularly monitored by investment staff and reported to the Investment Committee on a quarterly basis. Month-end market prices on each security are obtained from nationally recognized securities databases including those provided by the City's depository bank through its safekeeping services and Bloomberg Professional Services. These prices are recorded in the City's portfolio database and included in all management reports as well as the City's Comprehensive Annual Financial Report.

Not less than quarterly the Investment Officers will submit to the standing finance committee of the city council described in Dallas City Charter, Chapter III, Section 13 (2), the City Manager, and the Mayor and City Council a written report of the status of the current investment portfolio. The report must meet the requirements of the Act.

An independent auditor shall formally review the quarterly reports prepared under this section at least annually, and that auditor shall report the results of the review to City Council.

#### **19.0 Annual Compliance Audit**

In conjunction with the annual financial audit, a compliance audit shall be performed which includes an audit of management controls on investments and adherence to the City's established investment policy.

#### **20.0 Investment Policy Adoption**

The City's Investment Policy is hereby adopted by resolution of the City Council on October 23, 2019 October 13, 2020 in accordance with the PFIA.

#### **GLOSSARY**

**ACCRETION OF DISCOUNT:** Periodic straight-line increases in the book or carrying value of a security so the amount of the purchase price discount below face value is completely eliminated by the time the bond matures or by the call date, if applicable.

**ACCRUED INTEREST:** The interest accumulated on a security from its issue date or since the last payment of interest up to but not including the purchase date. The purchaser of the security pays to the seller the market price plus accrued interest.

**AMORTIZATION OF PREMIUM:** Periodic straight-line decreases in the book or carrying value of a security so the premium paid for a bond above its face value or call price is completely eliminated.

**ASK:** The price at which securities are offered by sellers.

**BARBELL MATURITY STRATEGY:** A maturity pattern within a portfolio in which maturities of the assets in the portfolio are concentrated in both the short and long ends of the maturity spectrum.

**BASIS POINT:** One one-hundredth (1/100) of one percent; 0.0001 in decimal form.

**BENCHMARK:** A comparative base for performance evaluation. A benchmark can be a broad-based bond index, a customized bond index, or a specific objective.

BID: The price offered for securities by purchasers. (When selling securities, one asks for a bid.)

**BOND EQUIVALENT YIELD:** Used to compare yields available from discounted securities that pay interest at maturity with yields available from securities that pay interest semi-annually.

**BOOK ENTRY SECURITIES:** Stocks, bonds, other securities, and some certificates of deposit that are purchased, sold, and held as electronic computer entries on the records of a central holder. These securities are not available for purchase in physical form; buyers get a receipt or confirmation as evidence of ownership.

**BOOK VALUE:** The original cost of the security as adjusted for amortization of any premium paid or accretion of discount since the date of purchase.

**BROKER:** A party who brings buyers and sellers together. Brokers do not take ownership of the property being traded. They are compensated by commissions. They are not the same as dealers; however, the same firms that act as brokers in some transactions may act as dealers in other transactions.

**CALLABLE BOND:** A bond that the issuer has the right to redeem prior to maturity at a specified price. Some callable bonds may be redeemed on one call date while others may have multiple call dates. Some callable bonds may be redeemed at par while others can be redeemed only at a premium. Some callable bonds are step-up bonds that pay an initial coupon rate for the first period, and then the coupon rate increases for the following periods if the bonds are not called by the issuer.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Largedenomination (over \$100,000) CD's are typically negotiable.

CODE: The Internal Revenue Code of 1986, as amended.

**COLLATERAL:** Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COLLATERALIZED MORTGAGE OBLIGATION (CMO):** A type of mortgage-backed security created by dividing the rights to receive the principal and interest cash flows from an underlying pool of mortgages in separate classes or tiers.

**COMMERCIAL PAPER:** Short-term unsecured promissory notes issued by corporations for a maturity specified by the buyer. It is used primarily by corporations for short-term financing needs at a rate which is generally lower than the prime rate.

**CONFIRMATION:** The document used to state in writing the terms of the trade which had previously been agreed to verbally.

**COUPON RATE:** The stated annual rate of interest payable on a coupon bond expressed as a percentage of the bond's face value.

**CREDIT RISK:** The risk that (1) the issuer is downgraded to a lower quality category and/or (2) the issuer fails to make timely payments of interest or principal.

**CUSIP NUMBER:** A nine-digit number established by the Committee on Uniform Securities Identification Procedures that is used to identify publicly traded securities. Each publicly traded security receives a unique CUSIP number when the security is issued.

**CUSTODY:** The service of an organization, usually a financial institution, of holding (and reporting) a customer's securities for safekeeping. The financial institution is known as the custodian.

**DEALER:** A firm which buys and sells for its own account. Dealers have ownership, even if only for an instant, between a purchase from one party and a sale to another party. They are compensated by the spread between the price they pay and the price they receive. Dealers are not the same as brokers; however, the same firms which act as dealers in some transactions may act as brokers in other transactions.

**DELIVERY VERSUS PAYMENT (DVP):** The safest method of settling a trade involving a book entry security. In a DVP settlement, the funds are wired from the buyer's account and the security is delivered from the seller's account in simultaneous, interdependent wires.

**DEPOSITORY TRUST COMPANY (DTC):** An organization that holds physical certificates for stocks and bonds and issues receipts to owners. Securities held by DTC are immobilized so that they can be traded on a book entry basis.

**DERIVATIVE:** A security that derives its value from an underlying asset, group of assets, reference rate, or an index value. Some derivatives can be highly volatile and result in a loss of principal in changing interest rate environments.

**DISCOUNT:** The amount by which the price paid for a security is less than its face value.

**DISCOUNT SECURITIES:** Securities that do not pay periodic interest. Investors earn the difference between the discount issue price and the full face value paid at maturity.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns, to reduce risk inherent in particular securities.

**DURATION:** A sophisticated measure of the weighted average maturity of a bond's cash flow stream, where the present values of the cash flows serve as the weights.

**ECONOMIC CYCLE (BUSINESS CYCLE):** As the economy moves through the business cycle, interest rates tend to follow the levels of production, output, and consumption - rising as the economy expands and moves out of recession and declining after the economy peaks, contracts, and heads once again into recession.

**EFFECTIVE MATURITY:** The average maturity of a bond, given the potential for early call. For a non-callable bond, the final maturity date serves as the effective maturity. For a callable bond, the effective maturity is bounded by the first call date and the final maturity date; the position within this continuum is a function of the call price, the current market price, and the reinvestment rate assumed.

**FACE VALUE:** The principal amount due and payable to a bondholder at maturity; par value. Also, the amount on which coupon interest is computed.

FAIL: The event of a securities purchase or sale transaction not settling as intended by the parties.

**FAIR VALUE:** The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits.

**FEDERAL FARM CREDIT BANKS (FFCB):** A government-sponsored corporation that was created in 1916 and is a nationwide system of banks and associations providing mortgage loans, credit, and related services to farmers, rural homeowners, and agricultural and rural cooperatives. The banks and associations are cooperatively owned, directly or indirectly, by their respective borrowers. The Federal Farm Credit System is supervised by the Farm Credit Administration, an independent agency of the U.S. government. (See Government Sponsored Enterprise)

**FEDERAL FUNDS:** Monies within the Federal Reserve System representing a member bank's surplus reserve funds. Banks with excess funds may sell their surplus to other banks whose funds are below required reserve levels. Normally, Federal funds are employed in settling all government securities transactions. The Federal Funds Rate is the rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL HOME LOAN BANKS (FHLB):** Government-sponsored wholesale banks (currently twelve regional banks) which lend funds and provide correspondent banking services to member commercial bank, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank. (See Government Sponsored Enterprises)

**FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or "Freddie Mac"):** A government-sponsored corporation that was created in July 1970, by the enactment of Title III of the Emergency Home Finance Act of 1970. Freddie Mac was established to help maintain the availability of mortgage credit for residential housing, primarily through developing and maintaining an active, nationwide secondary market in conventional residential mortgages. (See Government Sponsored Enterprises)

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae):** FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae is a private stockholder-owned corporation. FNMA securities are highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest. (See Government Sponsored Enterprises)

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank presidents. The president of the New York Federal Reserve Bank is a permanent member while the other presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., twelve regional banks and about 5700 commercial banks that are members of the system.

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA):** A not-for-profit organization authorized by Congress to ensure investor protection and market integrity through regulation of broker-dealers.

**FINRA RULE 2111 (SUITABILITY):** FINRA Rule 2111 requires, in part, that a broker-dealer or associated person "have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on the information obtained through the reasonable diligence of the [firm] or associated person to ascertain the customer's investment profile."

**FIXED-INCOME SECURITY:** A financial instrument promising a fixed amount of periodic income over a specified future time span.

**GOVERNMENT-SPONSORED ENTERPRISES (GSE's):** Payment of principal and interest on securities issued by these corporations is not guaranteed explicitly by the U.S. government, however, most investors consider these securities to carry an implicit U.S. government guarantee. The debt is fully guaranteed by the issuing corporations. GSE's include: Farm Credit System, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

INSTRUMENTALITIES: See Government-Sponsored Enterprises

**INTEREST RATE RISK:** The risk that the general level of interest rates will change, causing unexpected price appreciations or depreciations.

**LADDERED MATURITY STRATEGY:** A maturity pattern within a portfolio in which maturities of the assets in the portfolio are equally spaced. Over time, the shortening of the remaining lives of the assets provides a steady source of liquidity or cash flow. Given a normal yield curve with a positive slope this passive strategy provides the benefit of being able to take advantage of the higher, longer-term yields without sacrificing safety or liquidity.

**LIQUIDITY:** An entity's capacity to meet future monetary outflows (whether they are required or optional) from available resources. Liquidity is often obtained from reductions of cash or by converting assets into cash.

LIQUIDITY RISK: The risk that an investment will be difficult to sell at a fair market price in a timely fashion.

**MARKET RISK:** The risk that the value of a security will rise or decline as a result of changes in market conditions. It is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification; also known as systematic risk.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

**MARKING-TO-MARKET:** The practice of valuing a security or portfolio according to its market value, rather than its cost or book value.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer to liquidate the underlying securities in the event of default by the seller.

**MATURITY DATE:** The date on which the principal or face value of an investment becomes due and payable.

**MONEY MARKET INSTRUMENT:** Generally, a short-term debt instrument that is purchased from a broker, dealer, or bank. Sometimes the term "money market" with "short-term", defines an instrument with no more than 12 months remaining from the purchase date until the maturity date. Sometimes the term "money market" is used more restrictively to mean only those instruments that have active secondary markets.

**MORTGAGE-BACKED SECURITIES (MBS):** Securities composed of, or collateralized by, loans that are themselves collateralized by liens on real property.

OFFER: The price asked by a seller of securities. (When purchasing securities, one asks for an offer.)

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**OPPORTUNITY COST:** The cost of pursuing one course of action measured in terms of the foregone return that could have been earned on an alternative course of action that was not undertaken.

#### PAR: See Face Value

PFIA OR ACT: The Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

**POOLED FUND GROUP:** An internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested (as defined by the Public Funds Investment Act).

**PREMIUM:** The amount by which the price paid for a security exceeds its face value.

**PRIMARY DEALER:** A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRINCIPAL: The face or par value of an instrument, exclusive of accrued interest.

**PRUDENT PERSON RULE:** An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

**QUALIFIED REPRESENTATIVE:** A person who holds a position with - and is authorized to act on behalf of - a business organization (as defined by the Public Funds Investment Act).

**RATE OF RETURN:** The amount of income received from an investment, expressed as a percentage. A market rate of return is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

**REINVESTMENT RATE:** The interest rate earned on the reinvestment of coupon payments.

**REINVESTMENT RATE RISK:** The risk that the actual reinvestment rate falls short of the expected or assumed reinvestment rate.

**REPURCHASE AGREEMENT (RP or REPO):** An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price on demand or at a specified later date. The difference between the selling price and the repurchase price provides the interest income to the party that provided the funds. Every transaction where a security is sold under an agreement to be repurchased is a repo from the seller/borrower's point of view and a reverse repo from the buyer/lender's point of view.

REVERSE REPURCHASE AGREEMENT: (See Repurchase Agreement)

SAFEKEEPING: A procedure where securities are held by a third party acting as custodian for a fee.

**SECONDARY MARKET:** A market made for the purchase and sale of outstanding issues following the initial distribution.

**SECURITIES AND EXCHANGE COMMISSION (SEC):** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SECURITIES LENDING:** The temporary transfer of securities by one party, the lender, to another, the borrower. The securities borrower is required to provide acceptable assets as collateral to the securities lender in the form of cash or other securities. If the borrower provides securities as collateral to the lender, it pays a fee to borrow the lent securities. If it provides cash as collateral, the lender pays interest to the borrower and reinvests the cash at a higher rate.

SEC RULE 15C3-1: See Uniform Net Capital Rule

**STRUCTURED NOTES:** Debt obligations whose principal or interest payments are determined by an index or formula.

**SEPARATELY INVESTED ASSET:** An account or fund of a state agency or local government that is not invested in a pooled fund group (as defined by the Public Funds Investment Act).

**SPREAD:** Most commonly used when referring to the difference between the bid and asked prices in a quote. Additionally, it may also refer to additional basis points that a non-Treasury security earns over and above a Treasury with a comparable maturity date.

**STRIPS:** Separation of the principal and interest cash flows due from any interest-bearing securities into different financial instruments. Each coupon payment is separated from the underlying investment to create a separate security. Each individual cash flow is sold at a discount. The amount of the discount and the time until the cash flow is paid determine the investor's return.

**SWAP:** The trading of one asset for another. Sometimes used in active portfolio management to increase investment returns by "swapping" one type of security for another.

TOTAL RETURN: Interest income plus capital gains (or minus losses) on an investment.

**TREASURY BILLS:** A non-interest bearing discount security issued by the U.S. Treasury, generally having initial maturities of 3 months, 6 months, or 1 year.

**TREASURY BONDS:** Long-term, coupon bearing U.S. Treasury securities having initial maturities of more than 10 years.

**TREASURY NOTES:** Intermediate-term, coupon bearing U.S. Treasury securities having initial maturities of 2 - 10 years.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called *net capital rule* and *net capital ratio*. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**YIELD TO MATURITY (YTM):** The promised return assuming all interest and principal payments are made and reinvested at the same rate taking into account price appreciation (if priced below par) or depreciation (if priced above par).

#### APPENDIX A

#### PUBLIC FUNDS INVESTMENT ACT

#### GOVERNMENT CODE

#### TITLE 10. GENERAL GOVERNMENT

#### SUBTITLE F. STATE AND LOCAL CONTRACTS AND FUND MANAGEMENT

CHAPTER 2256. PUBLIC FUNDS INVESTMENT

SUBCHAPTER A. AUTHORIZED INVESTMENTS FOR GOVERNMENTAL ENTITIES

Sec. 2256.001. SHORT TITLE. This chapter may be cited as the Public Funds Investment Act.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.002. DEFINITIONS. In this chapter:

(1) "Bond proceeds" means the proceeds from the sale of bonds, notes, and other obligations issued by an entity, and reserves and funds maintained by an entity for debt service purposes.

(2) "Book value" means the original acquisition cost of an investment plus or minus the accrued amortization or accretion.

(3) "Funds" means public funds in the custody of a state agency or local government that:

(A) are not required by law to be deposited in the state treasury; and

(B) the investing entity has authority to invest.

(4) "Institution of higher education" has the meaning assigned by Section  $\underline{61.003}$ , Education Code.

(5) "Investing entity" and "entity" mean an entity subject to this chapter and described by Section 2256.003.

(6) "Investment pool" means an entity created under this code to invest public funds jointly on behalf of the entities that participate in the pool and whose investment objectives in order of priority are:

- (A) preservation and safety of principal;
- (B) liquidity; and
- (C) yield.

(7) "Local government" means a municipality, a county, a school district, a district or authority created under Section <u>52</u>(b)(1) or (2), Article III, or Section <u>59</u>, Article XVI, Texas Constitution, a fresh water supply district, a hospital district, and any political subdivision, authority, public corporation, body politic, or instrumentality of the State of Texas, and any nonprofit corporation acting on behalf of any of those entities.

(8) "Market value" means the current face or par value of an investment multiplied by the net selling price of the security as quoted by a recognized market pricing source quoted on the valuation date.

(9) "Pooled fund group" means an internally created fund of an investing entity in which one or more institutional accounts of the investing entity are invested.

(10) "Qualified representative" means a person who holds a position with a business organization, who is authorized to act on behalf of the business organization, and who is one of the following:

(A) for a business organization doing business that is regulated by or registered with a securities commission, a person who is registered under the rules of the National Association of Securities Dealers;

(B) for a state or federal bank, a savings bank, or a state or federal credit union, a member of the loan committee for the bank or branch of the bank or a person authorized by corporate resolution to act on behalf of and bind the banking institution;

(C) for an investment pool, the person authorized by the elected official or board with authority to administer the activities of the investment pool to sign the written instrument on behalf of the investment pool; or

(D) for an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or, if not subject to registration under that Act, registered with the State Securities Board, a person who is an officer or principal of the investment management firm.

(11) "School district" means a public school district.

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(12) "Separately invested asset" means an account or fund of a state agency or local government that is not invested in a pooled fund group.

(13) "State agency" means an office, department, commission, board, or other agency that is part of any branch of state government, an institution of higher education, and any nonprofit corporation acting on behalf of any of those entities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 1, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 1, eff. Sept. 1, 1999.

Sec. 2256.003. AUTHORITY TO INVEST FUNDS; ENTITIES SUBJECT TO THIS CHAPTER. (a) Each governing body of the following entities may purchase, sell, and invest its funds and funds under its control in investments authorized under this subchapter in compliance with investment policies approved by the governing body and according to the standard of care prescribed by Section 2256.006:

- a local government;
- (2) a state agency;

(3) a nonprofit corporation acting on behalf of a local government or a state agency; or

(4) an investment pool acting on behalf of two or more local governments, state agencies, or a combination of those entities.

(b) In the exercise of its powers under Subsection (a), the governing body of an investing entity may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made under authority of this subsection may not be for a term longer than two years. A renewal or extension of the contract must be made by the governing body of the investing entity by order, ordinance, or resolution.

(c) This chapter does not prohibit an investing entity or investment officer from using the entity's employees or the services of a contractor of the entity to aid the investment officer in the execution of the officer's duties under this chapter. Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 2, eff. Sept. 1, 1999.

Sec. 2256.004. APPLICABILITY. (a) This subchapter does not apply to:

(1) a public retirement system as defined by Section<u>802.001</u>;

(2) state funds invested as authorized by Section 404.024;

(3) an institution of higher education having total

endowments of at least \$150 million in book value on September 1, 2017; (4) funds invested by the Veterans' Land Board as

authorized by Chapter <u>161</u>, <u>162</u>, or <u>164</u>, Natural Resources Code;

(5) registry funds deposited with the county or district clerk under Chapter  $\underline{117}$ , Local Government Code; or

(6) a deferred compensation plan that qualifies undereither Section 401(k) or 457 of the Internal Revenue Code of 1986 (26U.S.C. Section 1 et seq.), as amended.

(b) This subchapter does not apply to an investment donated to an investing entity for a particular purpose or under terms of use specified by the donor.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 505, Sec. 24, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 2, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 62, Sec. 8.21, eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 1454, Sec. 3, eff. Sept. 1, 1999.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. <u>1003</u>), Sec. 1, eff. June 14, 2017.

Sec. 2256.005. INVESTMENT POLICIES; INVESTMENT STRATEGIES; INVESTMENT OFFICER. (a) The governing body of an investing entity shall adopt by rule, order, ordinance, or resolution, as appropriate, a written investment policy regarding the investment of its funds and funds under its control.

(b) The investment policies must:

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(1) be written;

(2) primarily emphasize safety of principal and liquidity;

(3) address investment diversification, yield, and maturity and the quality and capability of investment management; and

(4) include:

(A) a list of the types of authorized investments in which the investing entity's funds may be invested;

(B) the maximum allowable stated maturity of any individual investment owned by the entity;

(C) for pooled fund groups, the maximum dollarweighted average maturity allowed based on the stated maturity date for the portfolio;

(D) methods to monitor the market price of investments acquired with public funds;

(E) a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and

(F) procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section <u>2256.021</u>.

(c) The investment policies may provide that bids for certificates of deposit be solicited:

(1) orally;

- (2) in writing;
- (3) electronically; or
- (4) in any combination of those methods.

(d) As an integral part of an investment policy, the governing body shall adopt a separate written investment strategy for each of the funds or group of funds under its control. Each investment strategy must describe the investment objectives for the particular fund using the following priorities in order of importance:

(1) understanding of the suitability of the investment to the financial requirements of the entity;

- (2) preservation and safety of principal;
- (3) liquidity;

(4) marketability of the investment if the need arises to liquidate the investment before maturity;

- (5) diversification of the investment portfolio; and
- (6) yield.

(e) The governing body of an investing entity shall review its investment policy and investment strategies not less than annually. The governing body shall adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

(f) Each investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees of the state agency, local government, or investment pool as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity. If the governing body of an investing entity has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the first investing entity for purposes of this chapter. Authority granted to a person to invest an entity's funds is effective until rescinded by the investing entity, until the expiration of the officer's term or the termination of the person's employment by the investing entity, or if an investment management firm, until the expiration of the contract with the investing entity. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs, but the governing body of the investing entity retains ultimate responsibility as fiduciaries of the assets of the entity. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the investing entity.

(g) Subsection (f) does not apply to a state agency, local government, or investment pool for which an officer of the entity is assigned by law the function of investing its funds.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 685, Sec. 1

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(h) An officer or employee of a commission created under Chapter <u>391</u>, Local Government Code, is ineligible to be an investment officer for the commission under Subsection (f) if the officer or employee is an investment officer designated under Subsection (f) for another local government.

Text of subsec. (h) as amended by Acts 1997, 75th Leg., ch. 1421, Sec. 3

(h) An officer or employee of a commission created under Chapter <u>391</u>, Local Government Code, is ineligible to be designated as an investment officer under Subsection (f) for any investing entity other than for that commission.

(i) An investment officer of an entity who has a personal business relationship with a business organization offering to engage in an investment transaction with the entity shall file a statement disclosing that personal business interest. An investment officer who is related within the second degree by affinity or consanguinity, as determined under Chapter <u>573</u>, to an individual seeking to sell an investment to the investment officer's entity shall file a statement disclosing that relationship. A statement required under this subsection must be filed with the Texas Ethics Commission and the governing body of the entity. For purposes of this subsection, an investment officer has a personal business relationship with a business organization if:

(1) the investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;

(2) funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

(3) the investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer. (j) The governing body of an investing entity may specify in its investment policy that any investment authorized by this chapter is not suitable.

A written copy of the investment policy shall be presented (k) to any business organization offering to engage in an investment transaction with an investing entity. For purposes of this subsection and Subsection (1), "business organization" means an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract to exercise investment discretion in regard to the investing entity's funds. Nothing in this subsection relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy. The qualified representative of the business organization offering to engage in an investment transaction with an investing entity shall execute a written instrument in a form acceptable to the investing entity and the business organization substantially to the effect that the business organization has:

(1) received and reviewed the investment policy of the entity; and

(2) acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and the organization that are not authorized by the entity's investment policy, except to the extent that this authorization:

(A) is dependent on an analysis of the makeup of the entity's entire portfolio;

(B) requires an interpretation of subjective investment standards; or

(C) relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

(1) The investment officer of an entity may not acquire or otherwise obtain any authorized investment described in the investment

policy of the investing entity from a business organization that has not delivered to the entity the instrument required by Subsection (k).

(m) An investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies.

(n) Except as provided by Subsection (o), at least once every two years a state agency shall arrange for a compliance audit of management controls on investments and adherence to the agency's established investment policies. The compliance audit shall be performed by the agency's internal auditor or by a private auditor employed in the manner provided by Section 321.020. Not later than January 1 of each even-numbered year a state agency shall report the results of the most recent audit performed under this subsection to the state auditor. Subject to a risk assessment and to the legislative audit committee's approval of including a review by the state auditor in the audit plan under Section 321.013, the state auditor may review information provided under this section. If review by the state auditor is approved by the legislative audit committee, the state auditor may, based on its review, require a state agency to also report to the state auditor other information the state auditor determines necessary to assess compliance with laws and policies applicable to state agency investments. A report under this subsection shall be prepared in a manner the state auditor prescribes.

(o) The audit requirements of Subsection (n) do not apply to assets of a state agency that are invested by the comptroller under Section 404.024.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 685, Sec. 1, eff. Sept. 1, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 3, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 4, eff. Sept. 1, 1999; Acts 2003, 78th Leg., ch. 785, Sec. 41, eff. Sept. 1, 2003. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. <u>2226</u>), Sec. 1, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 149 (H.B. <u>1701</u>), Sec. 1, eff. September 1, 2017.

Sec. 2256.006. STANDARD OF CARE. (a) Investments shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investment of funds shall be governed by the following investment objectives, in order of priority:

(1) preservation and safety of principal;

- (2) liquidity; and
- (3) yield.

(b) In determining whether an investment officer has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration:

(1) the investment of all funds, or funds under the entity's control, over which the officer had responsibility rather than a consideration as to the prudence of a single investment; and

(2) whether the investment decision was consistent with the written investment policy of the entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.007. INVESTMENT TRAINING; STATE AGENCY BOARD MEMBERS AND OFFICERS. (a) Each member of the governing board of a state agency and its investment officer shall attend at least one training session relating to the person's responsibilities under this chapter within six months after taking office or assuming duties.

(b) The Texas Higher Education Coordinating Board shall provide the training under this section.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) An investment officer shall attend a training session not less than once each state fiscal biennium and may receive training from

any independent source approved by the governing body of the state agency. The investment officer shall prepare a report on this subchapter and deliver the report to the governing body of the state agency not later than the 180th day after the last day of each regular session of the legislature.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 73, Sec. 1, eff. May 9, 1997; Acts 1997, 75th Leg., ch. 1421, Sec. 4, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 5, eff. Sept. 1, 1999. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. <u>2226</u>), Sec. 2, eff. June 17, 2011.

Sec. 2256.008. INVESTMENT TRAINING; LOCAL GOVERNMENTS.

(a) Except as provided by Subsections (a-1), (b), (b-1), (e), and (f), the treasurer, the chief financial officer if the treasurer is not the chief financial officer, and the investment officer of a local government shall:

(1) attend at least one training session from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government and containing at least 10 hours of instruction relating to the treasurer's or officer's responsibilities under this subchapter within 12 months after taking office or assuming duties; and

(2) attend an investment training session not less than once in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than 10 hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the local government or a designated investment committee advising the investment officer as provided for in the investment policy of the local government.

(a-1) In addition to the requirements of Subsection (a)(1), the treasurer, or the chief financial officer if the treasurer is not the

chief financial officer, and the investment officer of a school district or a municipality shall attend an investment training session not less than once in a two-year period that begins on the first day of the school district's or municipality's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under this subchapter from an independent source approved by the governing body of the school district or municipality, or by a designated investment committee advising the investment officer as provided for in the investment policy of the school district or municipality.

(b) An investing entity created under authority of Section 52 (b), Article III, or Section 59, Article XVI, Texas Constitution, that has contracted with an investment management firm under Section 2256.003 (b) and has fewer than five full-time employees or an investing entity that has contracted with another investing entity to invest the entity's funds may satisfy the training requirement provided by Subsection (a) (2) by having an officer of the governing body attend four hours of appropriate instruction in a two-year period that begins on the first day of that local government's fiscal year and consists of the two consecutive fiscal years after that date. The treasurer or chief financial officer of an investing entity created under authority of Section 52 (b), Article III, or Section 59, Article XVI, Texas Constitution, and that has fewer than five full-time employees is not required to attend training required by this section unless the person is also the investment officer of the entity.

(b-1) A housing authority created under Chapter <u>392</u>, Local Government Code, may satisfy the training requirement provided by Subsection (a)(2) by requiring the following person to attend, in each two-year period that begins on the first day of that housing authority's fiscal year and consists of the two consecutive fiscal years after that date, at least five hours of appropriate instruction:

(1) the treasurer, or the chief financial officer if the treasurer is not the chief financial officer, or the investment officer; or

(2) if the authority does not have an officer described bySubdivision (1), another officer of the authority.

(c) Training under this section must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with this chapter.

(d) Not later than December 31 each year, each individual, association, business, organization, governmental entity, or other person that provides training under this section shall report to the comptroller a list of the governmental entities for which the person provided required training under this section during that calendar year. An individual's reporting requirements under this subsection are satisfied by a report of the individual's employer or the sponsoring or organizing entity of a training program or seminar.

(e) This section does not apply to a district governed by Chapter  $\underline{36}$  or  $\underline{49}$ , Water Code.

(f) Subsection (a)(2) does not apply to an officer of a municipality or housing authority if the municipality or housing authority:

(1) does not invest municipal or housing authority funds, as applicable; or

(2) only deposits those funds in:

- (A) interest-bearing deposit accounts; or
- (B) certificates of deposit as authorized by Section

#### 2256.010.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 5, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 6, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 69, Sec. 4, eff. May 14, 2001.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. <u>2226</u>), Sec. 3, eff. June 17, 2011.

Acts 2015, 84th Leg., R.S., Ch. 222 (H.B. <u>1148</u>), Sec. 1, eff. September 1, 2015.

Acts 2015, 84th Leg., R.S., Ch. 1248 (H.B. <u>870</u>), Sec. 1, eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. <u>1488</u>), Sec. 8.015, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. <u>1238</u>), Sec. 1, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 1000 (H.B. <u>1238</u>), Sec. 2, eff. September 1, 2017.

Sec. 2256.009. AUTHORIZED INVESTMENTS: OBLIGATIONS OF, OR GUARANTEED BY GOVERNMENTAL ENTITIES. (a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(1) obligations, including letters of credit, of the UnitedStates or its agencies and instrumentalities, including the FederalHome Loan Banks;

(2) direct obligations of this state or its agencies and instrumentalities;

(3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

(5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;

(6) bonds issued, assumed, or guaranteed by the State of Israel;

(7) interest-bearing banking deposits that are guaranteed or insured by:

(A) the Federal Deposit Insurance Corporation or its successor; or

(B) the National Credit Union Share Insurance Fund or its successor; and

(8) interest-bearing banking deposits other than those described by Subdivision (7) if:

(A) the funds invested in the banking deposits are invested through:

 (i) a broker with a main office or branch office in this state that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section <u>2256.025</u>; or

(ii) a depository institution with a main officeor branch office in this state that the investing entity selects;

(B) the broker or depository institution selected as described by Paragraph (A) arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account;

(C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and

(D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account:

(i) the depository institution selected as described by Paragraph (A);

(ii) an entity described by Section 2257.041(d);

or

(iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

(b) The following are not authorized investments under this section:

(1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;

(2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;

(3) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and

(4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1454, Sec. 7, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 558, Sec. 1, eff. Sept. 1, 2001. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. <u>2226</u>), Sec. 4, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. <u>1003</u>), Sec. 2, eff. June 14, 2017.

Acts 2017, 85th Leg., R.S., Ch. 863 (H.B. <u>2647</u>), Sec. 1, eff. June 15, 2017.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. <u>2928</u>), Sec. 1, eff. September 1, 2017.

Sec. 2256.010. AUTHORIZED INVESTMENTS: CERTIFICATES OF DEPOSIT AND SHARE CERTIFICATES. (a) A certificate of deposit or share certificate is an authorized investment under this subchapter if the certificate is issued by a depository institution that has its main office or a branch office in this state and is:

(1) guaranteed or insured by the Federal Deposit InsuranceCorporation or its successor or the National Credit Union ShareInsurance Fund or its successor;

(2) secured by obligations that are described by Section <u>2256.009</u>(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b); or

(3) secured in accordance with Chapter  $\frac{2257}{2257}$  or in any other manner and amount provided by law for deposits of the investing entity.

(b) In addition to the authority to invest funds in certificates of deposit under Subsection (a), an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under this subchapter: (1) the funds are invested by an investing entity through:

(A) a broker that has its main office or a branch office in this state and is selected from a list adopted by the investing entity as required by Section 2256.025; or

(B) a depository institution that has its main office or a branch office in this state and that is selected by the investing entity;

(2) the broker or the depository institution selected by the investing entity under Subdivision (1) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity;

(3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and

(4) the investing entity appoints the depository institution selected by the investing entity under Subdivision (1), an entity described by Section 2257.041 (d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity.

Amended by Acts 1995, 74th Leg., ch. 32, Sec. 1, eff. April 28, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 6, eff. Sept. 1, 1997. Amended by:

Acts 2005, 79th Leg., Ch. 128 (H.B. <u>256</u>), Sec. 1, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. <u>2226</u>), Sec. 5, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 874 (H.B. <u>2928</u>), Sec. 2, eff. September 1, 2017.

Sec. 2256.011. AUTHORIZED INVESTMENTS: REPURCHASE AGREEMENTS. (a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

(1) has a defined termination date;

(2) is secured by a combination of cash and obligations described by Section 2256.009(a)(1); and

(3) requires the securities being purchased by the entity or cash held by the entity to be pledged to the entity, held in the entity's name, and deposited at the time the investment is made with the entity or with a third party selected and approved by the entity; and

(4) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 2256.009(a)(1), at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

(e) Section 1371.059 (c) applies to the execution of a repurchase agreement by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. <u>2226</u>), Sec. 6, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. <u>1003</u>), Sec. 3, eff. June 14, 2017.

Sec. 2256.0115. AUTHORIZED INVESTMENTS: SECURITIES LENDING PROGRAM. (a) A securities lending program is an authorized investment under this subchapter if it meets the conditions provided by this section.

(b) To qualify as an authorized investment under this subchapter:

(1) the value of securities loaned under the program must be not less than 100 percent collateralized, including accrued income;

(2) a loan made under the program must allow for termination at any time;

(3) a loan made under the program must be secured by:

- (A) pledged securities described by Section 2256.009;
- (B) pledged irrevocable letters of credit issued by a

bank that is:

(i) organized and existing under the laws of the United States or any other state; and

(ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or

> (C) cash invested in accordance with Section: (i) 2256.009; (ii) 2256.013; (iii) 2256.014; or (iv) 2256.016;

(4) the terms of a loan made under the program must require that the securities being held as collateral be:

- (A) pledged to the investing entity;
- (B) held in the investing entity's name; and

(C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;

(5) a loan made under the program must be placed through:

(A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or (B) a financial institution doing business in this state; and

(6) an agreement to lend securities that is executed under this section must have a term of one year or less.

Added by Acts 2003, 78th Leg., ch. 1227, Sec. 1, eff. Sept. 1, 2003.

Sec. 2256.012. AUTHORIZED INVESTMENTS: BANKER'S ACCEPTANCES. A bankers' acceptance is an authorized investment under this subchapter if the bankers' acceptance:

(1) has a stated maturity of 270 days or fewer from the date of its issuance;

(2) will be, in accordance with its terms, liquidated in full at maturity;

(3) is eligible for collateral for borrowing from a Federal Reserve Bank; and

(4) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.013. AUTHORIZED INVESTMENTS: COMMERCIAL PAPER. Commercial paper is an authorized investment under this subchapter if the commercial paper:

(1) has a stated maturity of 270 days or fewer from the date of its issuance; and

(2) is rated not less than A-1 or P-1 or an equivalent rating by at least:

(A) two nationally recognized credit rating agencies;or

(B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.014. AUTHORIZED INVESTMENTS: MUTUAL FUNDS.

(a) A no-load money market mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with and regulated by the Securities and Exchange Commission;

(2) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and

(3) complies with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:

(1) is registered with the Securities and ExchangeCommission;

(2) has an average weighted maturity of less than two years; and

(3) either:

(A) has a duration of one year or more and is invested exclusively in obligations approved by this subchapter; or

(B) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

(c) An entity is not authorized by this section to:

 (1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);

(2) invest any portion of bond proceeds, reserves and fundsheld for debt service, in mutual funds described in Subsection (b); or

(3) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 7, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 8, eff. Sept. 1, 1999. Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. <u>1003</u>), Sec. 4, eff. June 14, 2017.

Sec. 2256.015. AUTHORIZED INVESTMENTS: GUARANTEED INVESTMENT CONTRACTS. (a) A guaranteed investment contract is an authorized investment for bond proceeds under this subchapter if the guaranteed investment contract:

(1) has a defined termination date;

(2) is secured by obligations described by Section
 2256.009(a)(1), excluding those obligations described by Section
 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract; and

(3) is pledged to the entity and deposited with the entity or with a third party selected and approved by the entity.

(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this subchapter in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

(1) the governing body of the entity must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;

(2) the entity must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;

(3) the entity must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received; (4) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and

(5) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

(d) Section 1371.059 (c) applies to the execution of a guaranteed investment contract by an investing entity.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 8, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1454, Sec. 9, 10, eff. Sept. 1, 1999. Amended by:

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. <u>1003</u>), Sec. 5, eff. June 14, 2017.

Sec. 2256.016. AUTHORIZED INVESTMENTS: INVESTMENT POOLS. (a) An entity may invest its funds and funds under its control through an eligible investment pool if the governing body of the entity by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with this subchapter and the investment policies and objectives adopted by the investment pool.

(b) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity an offering circular or other similar disclosure instrument that contains, at a minimum, the following information:

(1) the types of investments in which money is allowed to be invested;

(2) the maximum average dollar-weighted maturity allowed, based on the stated maturity date, of the pool;

(3) the maximum stated maturity date any investment security within the portfolio has;

(4) the objectives of the pool;

(5) the size of the pool;

(6) the names of the members of the advisory board of the pool and the dates their terms expire;

(7) the custodian bank that will safekeep the pool's assets;

(8) whether the intent of the pool is to maintain a net asset value of one dollar and the risk of market price fluctuation;

(9) whether the only source of payment is the assets of the pool at market value or whether there is a secondary source of payment, such as insurance or guarantees, and a description of the secondary source of payment;

(10) the name and address of the independent auditor of the pool;

(11) the requirements to be satisfied for an entity to deposit funds in and withdraw funds from the pool and any deadlines or other operating policies required for the entity to invest funds in and withdraw funds from the pool;

(12) the performance history of the pool, including yield, average dollar-weighted maturities, and expense ratios; and

(13) the pool's policy regarding holding deposits in cash.(c) To maintain eligibility to receive funds from and invest

funds on behalf of an entity under this chapter, an investment pool must furnish to the investment officer or other authorized representative of the entity:

(1) investment transaction confirmations; and

(2) a monthly report that contains, at a minimum, the following information:

(A) the types and percentage breakdown of securities in which the pool is invested;

(B) the current average dollar-weighted maturity, based on the stated maturity date, of the pool;

(C) the current percentage of the pool's portfolio in investments that have stated maturities of more than one year;

(D) the book value versus the market value of the pool's portfolio, using amortized cost valuation;

(E) the size of the pool;

(F) the number of participants in the pool;

(G) the custodian bank that is safekeeping the assets of the pool;

(H) a listing of daily transaction activity of the entity participating in the pool;

(I) the yield and expense ratio of the pool, including a statement regarding how yield is calculated;

(J) the portfolio managers of the pool; and

(K) any changes or addenda to the offering circular.

(d) An entity by contract may delegate to an investment pool the authority to hold legal title as custodian of investments purchased with its local funds.

(e) In this section, "yield" shall be calculated in accordance with regulations governing the registration of open-end management investment companies under the Investment Company Act of 1940, as promulgated from time to time by the federal Securities and Exchange Commission.

To be eligible to receive funds from and invest funds on (f) behalf of an entity under this chapter, a public funds investment pool that uses amortized cost or fair value accounting must mark its portfolio to market daily, and, to the extent reasonably possible, stabilize at a \$1.00 net asset value, when rounded and expressed to two decimal places. If the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, the governing body of the public funds investment pool shall take action as the body determines necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005. In addition to the requirements of its investment policy and any other forms of reporting, a public funds investment pool that uses amortized cost shall report yield to its investors in accordance with regulations of the federal Securities and Exchange Commission applicable to reporting by money market funds.

(g) To be eligible to receive funds from and invest funds on behalf of an entity under this chapter, a public funds investment pool must have an advisory board composed: (1) equally of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for a public funds investment pool created under Chapter 791 and managed by a state agency; or

(2) of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool, for other investment pools.

(h) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

(i) If the investment pool operates an Internet website, the information in a disclosure instrument or report described in Subsections (b), (c)(2), and (f) must be posted on the website.

(j) To maintain eligibility to receive funds from and invest funds on behalf of an entity under this chapter, an investment pool must make available to the entity an annual audited financial statement of the investment pool in which the entity has funds invested.

(k) If an investment pool offers fee breakpoints based on fund balances invested, the investment pool in advertising investment rates must include either all levels of return based on the breakpoints provided or state the lowest possible level of return based on the smallest level of funds invested.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1421, Sec. 9, eff. Sept. 1, 1997. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. <u>2226</u>), Sec. 7, eff. June 17, 2011.

Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. <u>1003</u>), Sec. 6, eff. June 14, 2017.

Sec. 2256.017. EXISTING INVESTMENTS. Except as provided by Chapter  $\underline{2270}$ , an entity is not required to liquidate investments that were authorized investments at the time of purchase.

Added by Acts 1995, 74th Leg., ch. 76, Sec. 5.46(a), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 10, eff. Sept. 1, 1997. Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. <u>253</u>), Sec. 2, eff. May 23, 2017.

Sec. 2256.019. RATING OF CERTAIN INVESTMENT POOLS. A public funds investment pool must be continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 11, eff. Sept. 1, 1997. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. <u>2226</u>), Sec. 8, eff. June 17, 2011.

Sec. 2256.020. AUTHORIZED INVESTMENTS: INSTITUTIONS OF HIGHER EDUCATION. In addition to the authorized investments permitted by this subchapter, an institution of higher education may purchase, sell, and invest its funds and funds under its control in the following:

(1) cash management and fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f));

(2) negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency; and

(3) corporate bonds, debentures, or similar debt obligations rated by a nationally recognized investment rating firm in one of the two highest long-term rating categories, without regard to gradations within those categories.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.0201. AUTHORIZED INVESTMENTS; MUNICIPAL UTILITY. (a) A municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may enter into a hedging contract and related security and insurance agreements in relation to fuel oil, natural gas, coal, nuclear fuel, and electric energy to protect against loss due to price fluctuations. A hedging transaction must comply with the regulations of the Commodity Futures Trading Commission and the Securities and Exchange Commission. If there is a conflict between the municipal charter of the municipality and this chapter, this chapter prevails.

(b) A payment by a municipally owned electric or gas utility under a hedging contract or related agreement in relation to fuel supplies or fuel reserves is a fuel expense, and the utility may credit any amounts it receives under the contract or agreement against fuel expenses.

(c) The governing body of a municipally owned electric or gas utility or the body vested with power to manage and operate the municipally owned electric or gas utility may set policy regarding hedging transactions.

(d) In this section, "hedging" means the buying and selling of fuel oil, natural gas, coal, nuclear fuel, and electric energy futures or options or similar contracts on those commodities and related transportation costs as a protection against loss due to price fluctuation.

Added by Acts 1999, 76th Leg., ch. 405, Sec. 48, eff. Sept. 1, 1999. Amended by:

Acts 2007, 80th Leg., R.S., Ch. 7 (S.B. <u>495</u>), Sec. 1, eff. April 13, 2007.

Sec. 2256.0202. AUTHORIZED INVESTMENTS: MUNICIPAL FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, a municipality may invest funds received by the municipality from a lease or contract for the management and development of land owned by the municipality and leased for oil, gas, or other mineral development in any investment

authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by a municipality under this section shall be segregated and accounted for separately from other funds of the municipality.

Added by Acts 2009, 81st Leg., R.S., Ch. 1371 (S.B. <u>894</u>), Sec. 1, eff. September 1, 2009.

Sec. 2256.0203. AUTHORIZED INVESTMENTS: PORTS AND NAVIGATION DISTRICTS. (a) In this section, "district" means a navigation district organized under Section 52, Article III, or Section 59, Article XVI, Texas Constitution.

(b) In addition to the authorized investments permitted by this subchapter, a port or district may purchase, sell, and invest its funds and funds under its control in negotiable certificates of deposit issued by a bank that has a certificate of deposit rating of at least 1 or the equivalent by a nationally recognized credit rating agency or that is associated with a holding company having a commercial paper rating of at least A-1, P-1, or the equivalent by a nationally recognized credit rating agency.

Added by Acts 2011, 82nd Leg., R.S., Ch. 804 (H.B. <u>2346</u>), Sec. 1, eff. September 1, 2011.

Sec. 2256.0204. AUTHORIZED INVESTMENTS: INDEPENDENT SCHOOL DISTRICTS. (a) In this section, "corporate bond" means a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a debt obligation that:

(1) on conversion, would result in the holder becoming a stockholder or shareholder in the entity, or any affiliate or subsidiary of the entity, that issued the debt obligation; or

(2) is an unsecured debt obligation.

(b) This section applies only to an independent school district that qualifies as an issuer as defined by Section 1371.001.

(c) In addition to authorized investments permitted by this subchapter, an independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased.

(d) An independent school district subject to this section is not authorized by this section to:

(1) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or

(2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

(e) An independent school district subject to this section may purchase, sell, and invest its funds and funds under its control in corporate bonds if the governing body of the district:

(1) amends its investment policy to authorize corporate bonds as an eligible investment;

(2) adopts procedures to provide for:

(A) monitoring rating changes in corporate bonds acquired with public funds; and

(B) liquidating the investment in corporate bonds; and

(3) identifies the funds eligible to be invested in corporate bonds.

(f) The investment officer of an independent school district, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

(1) issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or

(2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent.

(g) Corporate bonds are not an eligible investment for a public funds investment pool.

Added by Acts 2011, 82nd Leg., R.S., Ch. 1347 (S.B. <u>1543</u>), Sec. 1, eff. June 17, 2011.

Sec. 2256.0205. AUTHORIZED INVESTMENTS; DECOMMISSIONING TRUST. (a) In this section:

(1) "Decommissioning trust" means a trust created to provide the Nuclear Regulatory Commission assurance that funds will be available for decommissioning purposes as required under 10 C.F.R. Part 50 or other similar regulation.

(2) "Funds" includes any money held in a decommissioning trust regardless of whether the money is considered to be public funds under this subchapter.

(b) In addition to other investments authorized under this subchapter, a municipality that owns a municipal electric utility that is engaged in the distribution and sale of electric energy or natural gas to the public may invest funds held in a decommissioning trust in any investment authorized by Subtitle B, Title 9, Property Code.

Added by Acts 2005, 79th Leg., Ch. 121 (S.B. <u>1464</u>), Sec. 1, eff. September 1, 2005.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: HEDGING TRANSACTIONS. (a) In this section:

(1) "Eligible entity" means a political subdivision that has:

(A) a principal amount of at least \$250 million in:
(i) outstanding long-term indebtedness;
(ii) long-term indebtedness proposed to be

issued; or

(iii) a combination of outstanding long-termindebtedness and long-term indebtedness proposed to be issued; and(B) outstanding long-term indebtedness that is rated

in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

(2) "Eligible project" has the meaning assigned by Section 1371.001.

(3) "Hedging" means acting to protect against economic loss due to price fluctuation of a commodity or related investment by entering into an offsetting position or using a financial agreement or producer price agreement in a correlated security, index, or other commodity.

(b) This section prevails to the extent of any conflict between this section and:

(1) another law; or

(2) an eligible entity's municipal charter, if applicable.

(c) The governing body of an eligible entity shall establish the entity's policy regarding hedging transactions.

(d) An eligible entity may enter into hedging transactions, including hedging contracts, and related security, credit, and insurance agreements in connection with commodities used by an eligible entity in the entity's general operations, with the acquisition or construction of a capital project, or with an eligible project. A hedging transaction must comply with the regulations of the federal Commodity Futures Trading Commission and the federal Securities and Exchange Commission.

(e) An eligible entity may pledge as security for and to the payment of a hedging contract or a security, credit, or insurance agreement any general or special revenues or funds the entity is authorized by law to pledge to the payment of any other obligation.

(f) Section <u>1371.059</u>(c) applies to the execution by an eligible entity of a hedging contract and any related security, credit, or insurance agreement.

(g) An eligible entity may credit any amount the entity receives under a hedging contract against expenses associated with a commodity purchase.

(h) An eligible entity's cost of or payment under a hedging contract or agreement may be considered:

(1) an operation and maintenance expense of the eligible entity;

- (2) an acquisition expense of the eligible entity;
- (3) a project cost of an eligible project; or
- (4) a construction expense of the eligible entity.

Added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. <u>1003</u>), Sec. 7, eff. June 14, 2017.

Text of section as added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. 1472), Sec. 1

For text of section as added by Acts 2017, 85th Leg., R.S., Ch. 773 (H.B. 1003), Sec. 7, see other Sec. 2256.0206.

Sec. 2256.0206. AUTHORIZED INVESTMENTS: PUBLIC JUNIOR COLLEGE DISTRICT FUNDS FROM MANAGEMENT AND DEVELOPMENT OF MINERAL RIGHTS. (a) In addition to other investments authorized under this subchapter, the governing board of a public junior college district may invest funds received by the district from a lease or contract for the management and development of land owned by the district and leased for oil, gas, or other mineral development in any investment authorized to be made by a trustee under Subtitle B, Title 9, Property Code (Texas Trust Code).

(b) Funds invested by the governing board of a public junior college district under this section shall be segregated and accounted for separately from other funds of the district.

Added by Acts 2017, 85th Leg., R.S., Ch. 344 (H.B. <u>1472</u>), Sec. 1, eff. September 1, 2017.

Sec. 2256.021. EFFECT OF LOSS OF REQUIRED RATING. An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not

have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.022. EXPANSION OF INVESTMENT AUTHORITY. Expansion of investment authority granted by this chapter shall require a risk assessment by the state auditor or performed at the direction of the state auditor, subject to the legislative audit committee's approval of including the review in the audit plan under Section 321.013.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 2003, 78th Leg., ch. 785, Sec. 42, eff. Sept. 1, 2003.

Sec. 2256.023. INTERNAL MANAGEMENT REPORTS. (a) Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of investment transactions for all funds covered by this chapter for the preceding reporting period.

(b) The report must:

(1) describe in detail the investment position of the entity on the date of the report;

(2) be prepared jointly by all investment officers of the entity;

(3) be signed by each investment officer of the entity;

(4) contain a summary statement of each pooled fund group that states the:

(A) beginning market value for the reporting period;

(B) ending market value for the period; and

(C) fully accrued interest for the reporting period;

(5) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

(6) state the maturity date of each separately invested asset that has a maturity date;

(7) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and

(8) state the compliance of the investment portfolio of the state agency or local government as it relates to:

(A) the investment strategy expressed in the agency's or local government's investment policy; and

(B) relevant provisions of this chapter.

(c) The report shall be presented not less than quarterly to the governing body and the chief executive officer of the entity within a reasonable time after the end of the period.

(d) If an entity invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports prepared by the investment officers under this section shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the governing body by that auditor.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by Acts 1997, 75th Leg., ch. 1421, Sec. 12, eff. Sept. 1, 1997. Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1004 (H.B. <u>2226</u>), Sec. 9, eff. June 17, 2011.

Sec. 2256.024. SUBCHAPTER CUMULATIVE. (a) The authority granted by this subchapter is in addition to that granted by other law. Except as provided by Subsection (b) and Section <u>2256.017</u>, this subchapter does not:

(1) prohibit an investment specifically authorized by other law; or

(2) authorize an investment specifically prohibited by other law.

(b) Except with respect to those investing entities described in Subsection (c), a security described in Section 2256.009 (b) is not an authorized investment for a state agency, a local government, or

another investing entity, notwithstanding any other provision of this chapter or other law to the contrary.

(c) Mortgage pass-through certificates and individual mortgage
 loans that may constitute an investment described in Section
 <u>2256.009</u>(b) are authorized investments with respect to the housing bond
 programs operated by:

(1) the Texas Department of Housing and Community Affairs or a nonprofit corporation created to act on its behalf;

(2) an entity created under Chapter  $\underline{392}$ , Local Government Code; or

(3) an entity created under Chapter 394, Local Government Code.

Added by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995. Amended by:

Acts 2017, 85th Leg., R.S., Ch. 96 (S.B. <u>253</u>), Sec. 3, eff. May 23, 2017.

Sec. 2256.025. SELECTION OF AUTHORIZED BROKERS. The governing body of an entity subject to this subchapter or the designated investment committee of the entity shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the entity.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

Sec. 2256.026. STATUTORY COMPLIANCE. All investments made by entities must comply with this subchapter and all federal, state, and local statutes, rules, or regulations.

Added by Acts 1997, 75th Leg., ch. 1421, Sec. 13, eff. Sept. 1, 1997.

#### SUBCHAPTER B. MISCELLANEOUS PROVISIONS

Sec. 2256.051. ELECTRONIC FUNDS TRANSFER. Any local government may use electronic means to transfer or invest all funds collected or controlled by the local government.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.052. PRIVATE AUDITOR. Notwithstanding any other law, a state agency shall employ a private auditor if authorized by the legislative audit committee either on the committee's initiative or on request of the governing body of the agency.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995.

Sec. 2256.053. PAYMENT FOR SECURITIES PURCHASED BY STATE. The comptroller or the disbursing officer of an agency that has the power to invest assets directly may pay for authorized securities purchased from or through a member in good standing of the National Association of Securities Dealers or from or through a national or state bank on receiving an invoice from the seller of the securities showing that the securities have been purchased by the board or agency and that the amount to be paid for the securities is just, due, and unpaid. A purchase of securities may not be made at a price that exceeds the existing market value of the securities.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.67, eff. Sept. 1, 1997.

Sec. 2256.054. DELIVERY OF SECURITIES PURCHASED BY STATE. A security purchased under this chapter may be delivered to the comptroller, a bank, or the board or agency investing its funds. The delivery shall be made under normal and recognized practices in the securities and banking industries, including the book entry procedure of the Federal Reserve Bank.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.68, eff. Sept. 1, 1997.

Sec. 2256.055. DEPOSIT OF SECURITIES PURCHASED BY STATE. At the direction of the comptroller or the agency, a security purchased under this chapter may be deposited in trust with a bank or federal reserve bank or branch designated by the comptroller, whether in or outside the

state. The deposit shall be held in the entity's name as evidenced by a trust receipt of the bank with which the securities are deposited.

Amended by Acts 1995, 74th Leg., ch. 402, Sec. 1, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1423, Sec. 8.69, eff. Sept. 1, 1997.

## APPENDIX B

## COUNCIL RESOLUTION

-October 23, 2019 October 13, 2020

**WHEREAS**, in 1987 the City Council adopted the City's Investment Policy which was in compliance with the federal and state law and the City Charter; and

WHEREAS, in 1995 and 1997 through 2018–2019, the City Council amended the City's Investment Policy to incorporate amendments to the Public Funds Investment Act, improve management of the City's investments and reflect organizational changes; and

**WHEREAS**, the Public Funds Investment Act requires that the investment shall be made in accordance with written policies approved, at least annually, by the governing body; and

WHEREAS, investment policies must address safety of principal, liquidity, yield, diversification and maturity, with primary emphasis on safety of principal. Now, Therefore,

#### BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

**Section 1.** That the attached City of Dallas Investment Policy and investment strategies have been reviewed by the City Council and shall be adopted as the guiding policy in the ongoing management of the specified funds in accordance with Federal and State law and the City Charter.

**Section 2.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas and it is accordingly so resolved.



## Agenda Information Sheet

File #: 20-1811

Item #: 11.

Upcoming Agenda Item October 14, 2020 - American Airlines Center - Short-Term FY21 Rent Payment Deferment

# Memorandum



## DATE September 16, 2020

Honorable Members of the Government Performance and Financial Management Committee: Jennifer Staubach Gates (Chair), Cara Mendelsohn (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Lee Kleinman, Omar Narvaez, and Casey Thomas

## **SUBJECT American Airlines Center – Short-Term FY21 Rent Payment Deferment**

In response to a request by the Center Operating Company L.P. ("COC"), staff is recommending a short-term deferment of an upcoming rent payment for the American Airlines Center (AAC). Staff is requesting Government Performance and Financial Management (GPFM) Committee feedback and approval before scheduling this deferment action for the City Council agenda on October 14, 2020.

The arena has been closed since March 2020 due to the COVID-19 pandemic. COC cites this economic impact and has requested that the contractual obligation for a \$3.4M annual rent payment be deferred until the third quarter of FY21, as well as consideration of rent abatement. Contractually, payment is due to the City of Dallas on or before October 1st annually, with default engaging after 30 days of non-payment followed by a 120-day cure period.

Staff recommends deferment of the rent payment in light of the impact of the on-going pandemic, the City's exceptional partnership with COC and its sub-lessors, the Dallas Mavericks and the Dallas Stars, as well as the substantial capital improvement investments COC has made to the AAC. Staff will recommend a deferment of the rent payment to April 30, 2021, and then use the interim time to further consider their request for rent abatement. City Council approval is required for any amendment to the existing contract.

If you have questions, please contact me or you may contact Rosa Fleming, Director of Convention and Event Services at <u>rosa.fleming@dallascityhall.com</u>.

tates

c:

Joey Zapata Assistant City Manager

T.C. Broadnax, City Manager Chris Caso, City Attorney Mark Swann, City Auditor Bilierae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizor Tolbert, Chief of Staff to the City Manager Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services M. Elizabeth Reich, Chief Financial Officer Laila Alequresh, Chief Innovation Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors

"Our Product is Service" Empathy | Ethics | Excellence | Equity